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SENATE

THURSDAY, JUNE 7, 1945

(Legislative day of Monday, June 4, 1945)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Heavenly Father, we adore Thee whose name is love, whose nature is compassion, whose presence is joy, whose word is truth, whose spirit is goodness, whose holiness is beauty, whose will is peace, whose service is perfect freedom, and in the knowledge of whom standeth our eternal life.

The life is within our souls, but our selfishness has hindered Thee. We have not lived by faith. We have resisted Thy spirit. We have neglected Thine inspirations. Forgive what we have been; help us to amend what we are; and, in Thy spirit, direct what we shall be, that Thou mayest come into the full glory of Thy creation in us and in all men. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, June 6, 1945, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT— APPROVAL OF A BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on June 6, 1945, the President had approved and signed the act (S. 383) to provide for the further development of cooperative agricultural extension work.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to a concurrent resolution (H. Con. Res. 62) authorizing the Committee on the Merchant Marine and Fisheries of the House of Representatives to have printed for its use additional copies of part 1 of the hearings on postwar disposition of merchant vessels, held before said committee during the current session, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the

following enrolled bills, and they were signed by the President pro tempore:

S. 392. An act for the relief of Nebraska Wesleyan University and Herman Platt;

S. 510. An act to amend sections 11 (c) and 16 of the Federal Reserve Act, as amended, and for other purposes;

S. 633. An act to amend the Criminal Code so as to punish anyone injuring a party, witness, or juror on account of his having acted as such; and

S. 839. An act to amend section 47c of the National Defense Act of June 3, 1916, as amended, so as to authorize credit to students now or hereafter enrolled in the senior division of the Reserve Officers' Training Corps for military training received while on active duty in the Army, Navy, Marine Corps, or Coast Guard, or while pursuing a course of instruction in the Naval Reserve Officers' Training Corps.

EXTENSION OF EMERGENCY PRICE CONTROL AND STABILIZATION ACTS OF 1942—AMENDMENT

Mr. THOMAS of Oklahoma. Mr. President, I submit an amendment to the joint resolution (S. J. Res. 30) extending the effective period of the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended, and ask that it lie on the table until after the Senator from Maryland concludes his address.

The PRESIDENT pro tempore. Without objection, it is so ordered.

REPORT ON CONDITIONS IN PHILIPPINE ISLANDS (S. DOC. NO. 53)

Mr. TYDINGS obtained the floor.

Mr. HILL. Mr. President, will the Senator from Maryland yield to me to suggest the absence of a quorum?

Mr. TYDINGS. I yield.

Mr. HILL. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	George	Moore
Austin	Gerry	Morse
Ball	Green	Murdoch
Bankhead	Guffey	Myers
Barkley	Hart	O'Daniel
Bilbo	Hatch	O'Mahoney
Brewster	Hayden	Overton
Bridges	Hickenlooper	Pepper
Brooks	Hill	Robertson
Buck	Hoey	Saltonstall
Burton	Johnson, Calif.	Shipstead
Bushfield	Johnson, Colo.	Smith
Butler	Johnston, S. C.	Taft
Capper	La Follette	Thomas, Okla.
Chandler	Langer	Tunnell
Chavez	Lucas	Tydings
Donnell	McKellar	Wagner
Downey	McMahon	Walsh
Ellender	Magnuson	White
Fulbright	Mead	Wilson

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS] and the

Senator from Nevada [Mr. SCRUGHAM] are absent because of illness.

The Senator from Florida [Mr. ANDREWS] is necessarily absent.

The Senator from North Carolina [Mr. BAILEY], the Senator from Missouri [Mr. BRIGGS], the Senator from Utah [Mr. MURDOCK], the Senator from Montana [Mr. MURRAY], the Senator from Maryland [Mr. RADCLIFFE], the Senator from Idaho [Mr. TAYLOR], and the Senator from Utah [Mr. THOMAS] are absent, on public business.

The Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from South Carolina [Mr. MAYBANK], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Georgia [Mr. RUSSELL], and the Senator from Tennessee [Mr. STEWART] are absent, in Europe visiting the battlefields.

The Senator from Texas [Mr. CONNALLY] is absent on official business as a delegate to the International Conference in San Francisco.

The Senator from West Virginia [Mr. KILGORE] and the Senator from Washington [Mr. MITCHELL] are absent, in Europe on official business for the Special Committee Investigating the National Defense Program.

The Senator from Arizona [Mr. McFARLAND] and the Senator from Montana [Mr. WHEELER] are absent, in Europe on official business for the Committee on Interstate Commerce.

The Senator from Nevada [Mr. McCARRAN] is absent on official business.

Mr. WHITE. The Senator from Indiana [Mr. CAPEHART] is necessarily absent, on official business.

The Senator from Oregon [Mr. CORBON] is absent on official business of the Committee on Public Lands and Surveys.

The Senator from Michigan [Mr. FERGUSON] is absent on official business of the Senate as a member of the Mead committee.

The Senator from South Dakota [Mr. GURNEY], the Senator from Kansas [Mr. REED], and the Senator from West Virginia [Mr. REVERCOMB] are absent on official business of the Senate as members of a subcommittee of the Senate.

The Senator from New Jersey [Mr. HAWKES] is absent on official business by leave of the Senate.

The Senator from Colorado [Mr. MILLIKIN] and the Senator from Idaho [Mr. THOMAS] are absent because of illness.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Michigan [Mr. VANDENBERG] is absent on official business as

a delegate to the International Conference at San Francisco.

The Senator from Nebraska [Mr. WHERRY] and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate.

The Senator from Wisconsin [Mr. WILEY] is absent by leave of the Senate on official business as a member of the Board of Visitors to the United States Merchant Marine Academy.

The Senator from Indiana [Mr. WILKINS] is necessarily absent by leave of the Senate.

The PRESIDENT pro tempore. Sixty Senators having answered to their names, a quorum is present.

Mr. TYDINGS. Mr. President, it is necessary to actually visit the stricken Philippine Nation in order to comprehend the extent of the devastation and the hardships borne by the people in the Philippine Islands. No word picture can be adequate. No description will present the sad, pitiful, but heroic saga of the Philippine people from the time of the Japanese invasion December 7, 1941, to the present time. Only by a visit, living among the people and talking to them, and hearing of their heroism from American officers can one give to any report the real value it deserves.

CONDITIONS IN THE PHILIPPINES

Here is a brief word picture of conditions in the Philippine Islands: For the most part the great cities and many of the towns and villages in the islands lie in ruins. On the walls in this Chamber are a few pictures of the devastation and chaos which envelop the capital city of Manila. While these pictures show some of the damage, they do not depict the true extent of the devastation nor can they show the violence of the fighting which took place in this capital of the Philippines. In these islands most of the larger buildings, government and business, as well as many habitations, are constructed of cement and concrete. Every cement building in the Philippines was used by the Japanese as a fortress.

Fighting took place from street to street, from house to house, from floor to floor, from room to room from one end of the city to the other. The enemy did not surrender, even when surrounded and outnumbered. He fought to the death. Thus it became necessary, in order to liberate Manila, for example, to destroy the places in which the enemy was holding out. Consequently the devastation in Manila is city-wide. True, here and there walls are still standing, but everything inside these walls is burned and gutted, and in utter debris and ruin.

As a result, tens of thousands of persons are without homes or shelter. Tens of thousands are without clothing, food, or medicine. If it were not for the United States Army relief, these thousands would now be starving to death.

Most all the food and goods now being sold in the Philippines are food and goods which the Army is importing for civilian use. It is such a picture of dire distress that it instantly touches the pity of every heart. It is a picture of centuries of effort, building, and development which have been destroyed and

wiped out before the relentless conflict of war. Light, water, and communications systems are almost totally destroyed. All transportation by boat between the hundreds of islands, as well as by rail, bus, and truck lines, is nonexistent. It is impossible, except through the limited supply of Army goods, to buy any of the necessities of life in the Philippines. This is particularly true of clothing, shoes, medicine, and food.

Not one bank in the islands is open. The Japanese, during their three and a half years of occupation, printed billions of dollars of worthless paper money. This money was widely circulated and used for all business purposes, as well as for purchases made by the Japanese. To a large extent this worthless money was used to pay off mortgages and other debts; to pay taxes to the local and national Philippine governments; to pay premiums due and future premiums far in advance on life insurance. Business credit is very difficult to find, and when found can be obtained only at usurious rates.

In addition, the deplorable financial muddle has been accentuated by the issuance of millions of pesos through guerrilla organizations to pay and maintain these fighting units which were so vital to our ultimate success. The issuance of this currency was authorized by the United States Army.

It will take at least 2 years, probably 3, to even revive the sugar industry. As we all know, sugar was, before the war, the principal Philippine export crop. It brought millions of dollars annually to the people of the islands. There is no sugar crop at present in the Philippines. The population of carabaos, which are the universal work animals of the Filipino farmer, has been greatly diminished. During the war these animals were eaten both by the Japanese and the civilian population. On the island of Mindanao there were many herds of wild carabaos, from which much of the meat supply of the Philippines normally came. Many of these wild herds were ruthlessly mowed down by the Japs and many were killed in the course of the fighting. These essential meat and work animals cannot be replenished for the present because the supply must come, for the most part, from French Indochina, Burma, and other areas now occupied by the enemy.

Many sugar mills and other industrial plants of the Philippines were wholly or partly destroyed. Some escaped serious damage. Much machinery was shipped to Japan. Much scrap iron from destroyed machinery was carried off by the Japanese.

When the American Army marched out from Manila to make its heroic stand on Bataan and Corregidor, the warehouses and shops were thrown open to the populace to keep the supplies therein from falling into the hands of the enemy. Thus looting took place on a large scale. During our return to Manila looting again took place in many localities.

The food situation in the Philippines is tragic. Even in peacetimes the Filipinos do not raise enough rice, which is their staple food. During the Japanese occupation such rice as the Filipinos did raise was frequently commandeered by the

Japanese Army. Only a very scanty supply of rice was left for the hungry millions in the islands.

There is a shortage of primitive farming implements. This is partly due to the devastation of war and the fact that during the last 3½ years much of the available supply has been worn out.

There is also a shortage of seeds and plant stock. Thus it is difficult, under present conditions, to assist the Filipinos to supply the food which they otherwise might produce.

Most bridges in the Philippines were destroyed. In most cases temporary bridges have been built across rivers and streams by our Army. These temporary bridges have greatly facilitated travel and commerce in the islands. However, they are but makeshifts to serve a present need.

For the last 3½ years most of the Philippine government's income, both national and municipal, has been in the form of Japanese currency. All of this has now been declared valueless. Likewise there has been no import nor export revenue coming to the Philippine government during this time. During the occupation the Philippine government has functioned on worthless Japanese currency commonly referred to by soldiers and civilians alike in the islands as "Mickey Mouse" money. The Philippine government's only funds are those which it has now in the United States.

The principal source of income in the Philippines today comes from the expenditures of our armed forces. Tens of thousands of Filipinos are working, putting in installations necessary for our armed forces, and with their earnings they are buying the food which they have to have for themselves and families in order to live.

Thus people are almost solely dependent upon the United States Army for the necessities of life. Many, many people are without food, clothing, housing, and medicine. Today, in Manila alone, the United States Army is feeding 600,000 persons daily. Of this 600,000, all but 60,000 are at present paying for the food furnished by the Army. The remaining 60,000 in Manila are completely on relief. The same condition applies in varying degrees to other urban centers in the islands.

The Army and the Filipino government report that while the conditions are more aggravated in Manila than elsewhere, principally because of its size, conditions are bad in many of the other cities and towns scattered throughout the islands where violent fighting has taken or is taking place.

What can be done to improve the lot of the Filipino people who are so gravely in need? The answer is: Not much at the present. And here is the reason: We are still in the middle of a deadly and far-reaching war with the Japanese. Over and above everything else, our principal task still is to win that war at the quickest possible moment. Anything which prolongs the struggle means that many, many lives will be lost unnecessarily. It means that our real ability to help stricken countries, particularly the Philippines, is correspondingly curtailed. It means that our own economy is weak-

ened and our natural resources are further exhausted. In short, any postponement of victory means the additional loss of lives, the wounding and maiming of additional thousands of others, and the squandering of additional billions of dollars.

Now all of us know we are but just beginning our greatest attack on the Japanese. We know that millions of troops who were fighting recently in Germany are on their way to the Far East. Many of these will undoubtedly come to the Philippines. In fact, many were coming there while we were there. In the Philippines there is not sufficient shelter, food, and other materials available for them. Consequently, as these hundreds of thousands of troops arrive they must have shelter, food, clothing, hospitals, medicines, beds, tents, trucks, autos, munitions, machinery, weapons, equipment, work and repair shops, hundreds of ships of all types, thousands of planes of all types, airfields, locomotives, freight cars, cranes, drydocks, bulldozers, steam shovels, concrete mixers, airplane hangars, warehouses, gasoline and oil, repair parts, and scores of other items too numerous to mention. Obviously these things must come first. The very lives of the Filipino and American soldiers depend on their having everything they need to win a quick victory and to bring the war to an end.

That, in a word, is why more relief cannot be brought to the Philippines quickly. If the war were over, it would be relatively easy to aid the Filipino people to emerge from their disaster. Every bit of aid we now give to them means that precious and needed ships and transportation must be taken from the Army and Navy to supply the primary wants of the Filipino Nation. However, the Army and Navy already need many more ships and much more transportation of all kinds than they now have.

Before going to the Philippines I spent an afternoon with General Kells at San Francisco. He is in charge of the debarkation point at that place and along the Pacific coast. He showed me the Army and Navy requisitions for goods of all kinds. These requisitions are already taxing every facility at his disposal, and he is far behind in filling the demand. For example, the Army and Navy need lumber, nails, machinery, roofing, housing of all kinds, clothing and food, and all the rest, just as the Filipino people need these things. We know that the military needs must come first. So it is plain that only partial recovery, that only partial reconstruction and rehabilitation for the Philippines is all that is possible now. It is plain that any measure of complete recovery can be achieved only after the war is over.

One of the first tasks of President Truman's mission to the islands was to take up with the military authorities there what shipping they could spare in order to supply fundamental wants of the Filipinos without seriously impairing the war effort. We found both General MacArthur and his entire staff already greatly concerned with this problem. We surveyed the matter jointly. As a result of our discussions, we were able to get 8,000 tons of shipping for the Fili-

pinos exclusively during the month of June—but one ship. We anticipated that 30,000 tons of shipping will be available for the same purpose during the month of July. We expect there will be more thereafter. This tonnage will be devoted almost exclusively to food, clothing, and medicine. It will be short, far short, of what is needed. It is the best that can be done at this time. So far, and rather recently, 216 trucks have been turned over to the Philippine Commonwealth government, which will be operated mostly through private companies as bus lines to transport both civilians and freight. These trucks provide but a skeleton service for the island of Luzon alone, and will run principally between Lingayan Gulf and the Manila area.

The railroad is now operating between Manila and San Fernando, having been restored by the Army. It is now carrying passengers. One hundred and fifty tons daily freight has been allocated exclusively for civilian needs on this road. It is probable that full civilian requirements for railroad freight cannot be provided within 90 days in this area. Service between Manila and Bantangas and Logaspi will not be available for at least 90 days.

Fifteen F boats of 90 dead-weight tons capacity each, and four Lake-type freighters of 3,000 dead-weight tons each, have been made available by the Army to the War Shipping Administration in the Philippines, primarily for communications and relief. These 19 boats will be used exclusively in the inter-island shipping. They will be operated by civilians. They will provide but a skeleton service between the islands, but they will carry and permit some trade and commerce and will greatly help to relieve the shortage of transportation now existing.

In addition to the above, three planes have been set aside for civilian travel and to permit fast daily mail service between the islands. All of these transportation measures are but a makeshift to help carry on essential business until better times permit further improvement.

The power situation throughout the islands has been greatly impaired. For example, prewar Manila had installations capable of supplying 45,000 kilowatts. At present, even after Army repairs to the system, there are only 5,400 kilowatts available. This is but a little more than one-tenth of the prewar consumption. Even this power is being supplied, in part, by portable generators located chiefly in Army installations. During the months of June and July this figure will prevail. By August it is hoped to increase it to 15,000 kilowatts. By September it is planned to have one-half of the lost electrical energy restored to Manila. It will take until the first of next year before reasonable normal electric capacity can be established.

The two basic foods of the Philippines are rice and fish. The Army has brought in 55,000 tons of rice from last October to the 1st of May of this year. It has placed orders for 110,000 additional tons. Delivery of this extra tonnage is expected before the 30th of next November. The

Philippine government has also placed orders for 225,000 tons of rice for the 6-month period beginning November 1. The Army has also placed orders for more machinery in order to increase the local rice crop; but this, like other things, must wait on the contingency of shipping.

The supply of fish in the Philippines comes mostly from inland waters and ponds, and from deep-sea fishing. The inland problem is chiefly one of transportation, which, as I have said, is far short of needs. Heroic efforts are being made to solve the fish transportation problem, that is, to connect the fish-producing areas with the centers of consumption. However, the deep-sea fishing problem is difficult to solve, because that industry was almost exclusively Japanese operated. The necessary know-how, as well as the ships and other equipment, is at present lacking in the Philippines, and fish are not coming in for consumption.

No major steps have been taken to rehabilitate sugar because no crop can be harvested for export probably before 1948.

On the brighter side, abaca and copra production can be restored to normal just as soon as adequate trade goods, transportation, and some more machinery are available.

There are between 500 and 1,000 tons of rubber available now in the Philippines. Efforts are already under way to increase this production at the rate of about 200 tons a month, beginning with the 1st of July of this year.

It will be at least 6 months before any worth-while production of chrome and manganese can be obtained. Due to destroyed machinery and other damage, gold mining, too, must wait on replacements of these losses as well as on transportation and other necessary services.

It is General MacArthur's general policy in the Philippines to turn over relief responsibility to the Philippine Commonwealth government at the earliest practicable date. This has already been done in a number of areas, including one district in Manila. It is expected that the Commonwealth will take over all of Manila some time during the current month. A tentative date of September 1, 1945 has been set for the complete turn-over to the Commonwealth of both procurement and distribution of relief supplies in the Philippines.

It is also the commander in chief's policy to have all relief supplies sold at the earliest practicable date through established wholesalers and retailers, at prices and margins fixed by the Commonwealth government and the Army jointly. In Manila today, more than 90 percent of the relief supplies are sold and only 10 percent given away, as I have previously pointed out.

The visitor to Manila is met by a strange sight. Everywhere one looks throughout the streets, thousands of Filipinos are digging into the debris to try to recover a piece of lumber or a sheet of corrugated iron, or something which they can use or sell, with which to cook or to make a home. Men, women, and children stream back and forth, up and down the thoroughfares, carrying all manner of stuff salvaged from the devastation. With these crude materials they fashion little rooms or huts in

ruined houses in which they are making their homes. The rainy season is now just beginning in the Philippines. Rain there will be more or less incessant for some time to come. The Filipinos know this and they are trying desperately to fix some sort of shelter over their heads before the downpour gets fully under way.

Able staffs of doctors, both Army and civilian, Americans and Filipinos, are working long and heroically to keep epidemics from breaking out, to enforce sanitary regulations, and to take other means of insuring the health not only of the Army, but also of the whole community.

In walking through Manila, one frequently sees sprays of water shooting up from the streets where the water system has been damaged by the shelling. Repairs to this system are being made as rapidly as possible, and the water supply in Manila, while surrounded by many inconveniences, is fortunately adequate.

The best over-all estimate I could get of the possible damage wrought to the islands by the war is as follows and I think this estimate is conservative: That from 10 to 15 percent of all the buildings in the Philippine Islands have been destroyed and that possibly another 10 percent have been damaged. Thus, 25 percent of all the assessable basic structures in the Philippine Islands have either been destroyed or seriously damaged. This, of course, affects the revenue of every town and city in the islands as well as that of the Commonwealth Government. In the present emergency, it is very difficult for towns and cities and the national government to raise the necessary revenues with which to carry on. Export and import revenues are practically nonexistent. The whole system of taxation and revenue-raising has virtually been destroyed.

On the brighter side, the Army is doing much to aid in reconstruction and rehabilitation. Large forces of men with bulldozers and trucks are clearing up much of the debris and carting it off. The streets have been opened for the most part throughout the Manila area. Buildings are being repaired chiefly to make room for military personnel and to furnish them operating rooms in which to work. Much rehabilitation and reconstruction of warehouses and the like is being pushed rapidly by our military forces, and many new warehouses are being constructed. In some cases whole squares, where formerly stood buildings, have been completely cleaned off and tent cities put thereon in order to house the military personnel—and this in the very heart of Manila. Docks are being repaired; and of the 600 ships sunk in Manila Harbor by our bombers, over 400 have already been raised, and work is progressing rapidly on the remainder. Many of these ships have been so damaged that they are towed away and resunk out of the path of travel near the breakwater.

Water traffic in Manila Bay is being resumed; old piers are being cleaned up and reconstructed, and new ones built. The increased unloading of shipping is progressing at a rapid rate. That work is being expedited to the utmost.

On the railroads, the telephone, electricity and other utilities, much of the devastation is being restored by our armed forces who obviously need these services so they can function efficiently. These operations, to a large extent, will mitigate some of the devastation occasioned by the war.

The mission which I had the honor to head was composed of Vice Admiral Tarrant, of the Navy; Brigadier General Lowe and Colonel Baumann, of the Army; Mr. Jones, of the Budget Bureau; Dr. Elliott, Vice Chairman of the War Production Board; Captain Brierley, of the United States Maritime Commission; Mr. Dorfman, chief economist of the Tariff Commission; Mr. Hester, of the Interior Department, and in charge of Filipino affairs; and Colonel Ijams, vice chairman of the Veterans' Administration.

The Navy and Army men on this mission concerned themselves primarily with Navy and Army matters, with the future military program of the Filipinos, and with the question of United States bases in the Philippine Islands. On the question of bases, much progress has already been made. The Filipinos are willing to give us any bases that we may need or desire, and that question is being efficiently handled at the present by our Army and Navy Departments in conjunction with the Philippine government.

The other members of the mission concerned themselves primarily with cutting red tape, exploring the local situation in the Philippines, and finding what they could obtain by way of pertinent information which would help them to help the Filipinos on their return. For example, Mr. Jones, of the Budget Bureau, accumulated much valuable governmental information, particularly in the field of revenues and the possible future expenses of the Philippine government.

Dr. Elliott, Vice Chairman of the War Production Board, explored the possibilities of help for priorities and for obtaining food, clothing, medicine, farming equipment, and the like, and other essentials in the normal economy of the Philippine Islands.

Captain Brierley, of the United States Maritime Commission, was of tremendous help in working out the shipping problems with the military authorities in the islands.

Mr. Dorfman concerned himself with the past, present, and future trade of the islands, principally between them and the United States, assembling pertinent data for the use of the Congress later on.

Mr. Hester, of the Interior Department, who had spent many years in the Philippines, looked into the relationships between the Philippine government and the Interior Department, and in addition thereto furnished us with much valuable background applicable to the present and future probable conditions in the islands.

Colonel Ijams, of the Veterans' Administration, attempted to set up records and to install a system which we hope will not make necessary hundreds of claims bills coming to the Congress after the war is over. It must be re-

membered that during the war not only have regular Filipino soldiers fought with our own forces in many of the battles, but some were covered into the United States Army, and guerrilla leaders likewise organized groups with our approval that counted mightily in our effective victories over the Japanese.

Never have I seen a more effective, hard-working and efficient group of men undertake any problem. I asked President Truman to appoint only top-flight men, and he did. We had planned many visits throughout the islands, but when we arrived and found the dire conditions that existed, by unanimous consent all trips were canceled and we devoted ourselves from dawn until far in the night each day we were there to working on matters that would bring some measure of immediate relief and, we trust, ultimate relief and aid to this gallant nation that has fought so loyally and bravely in our common cause. I want to take this opportunity to thank publicly each and every member of this mission for his loyalty, cooperation, and unstinted effort to make our visit to the islands as helpful as we could in the circumstances, and for the information that each of them assembled and made available to the Congress for the solution of present and future problems. I am indebted to each and every one of them beyond words.

Upon their return to Washington, after they had already accomplished a great deal by way of relief and aid while they were in the islands, each member of this mission is now pursuing solutions for the Philippine problems here at home.

While in the islands, they met face to face with the people who have sent requests, requisitions, and communications to their departments here in Washington, asking for aid or action of one kind or another. Many difficulties were thus overcome. A better understanding was achieved. In some cases action was instantaneous. In others, information was assembled which makes speedy results possible and better support for both the military and the civilian undertaking at this time.

While in the islands we spent one afternoon as a group face to face with the Philippine President and his entire cabinet. It was all off the record. Everyone had the opportunity to say what he thought, to ask any question about anything, and to explore any matter. This conference was of immense good. It gave us a chance to explain to the Filipino officials the handicaps imposed upon us by the military situation, and what might not be accomplished for present and future rehabilitation and aid in the Philippines. However, no one on the mission, including the chairman, made any promises of any kind to anybody in the Philippine Islands. Policy making, we realize, is a question for the President and the Congress. All we could say was that we knew and appreciated their plight, revered and cherished the loyalty and sacrifices of the Filipino people, and that we felt sure America would support a program which would help them to emerge from their great difficulty. We likewise listened to

complaints and suggestions of the American, Filipino, and the Chinese chambers of commerce in the islands, and to scores of individuals. Most of us talked several times with General MacArthur, who always placed himself completely at our disposal. He made available all the members of his staff whom we wished to interview, and both he and they accorded us every courtesy and gave us all aid and desired information. Likewise, President Osmeña and the members of the Filipino government were always accessible to us and furnished us with every bit of information which we desired. To fulfill one request made by the chairman, President Osmeña put a staff of 20 men to work for five solid days and far into the night to turn out some reports which we thought the Congress would like to have on matters affecting the future of the Philippines, with particular reference to our relations with them.

Thus, I would like to say for this mission, for General MacArthur and his representatives, and for President Osmeña and his governmental officials, that during our stay there, from the beginning of the day until far into the night, everyone cooperated with us to the fullest extent, for we were all interested in the solution of a common problem. We worked quickly and long, because the need was great. We completed our task at the earliest possible moment so that we could bring the quickest possible aid to these people who deserve so well at our hands.

Now, a word about the background of the war in the Philippines from December 7 to date. The story of Filipino loyalty, the unrelenting resistance, the thousands of acts of courage, and the giving of life itself, is one of the brightest chapters in the history of America, for the Philippines are still under our flag.

To illustrate; on the island of Panay, during the Japanese occupation, through friendly Filipinos word was sent to our Navy that there were 40 Americans on the island who wanted to be taken off. The Navy said it would send a submarine to a certain point on the island on a given date to take off these refugees. Word spread around and when the sub arrived, instead of 40 there were 67 Americans who had assembled to be taken off. Although this maneuver required several days and the news of the event had to be passed on to hundreds of people, and although a garrison of 500 Japanese soldiers was but 3 miles distant, the sub came to the point at the appointed time, took on all of the American refugees, and departed before a single Jap knew anything about it.

On another occasion, at an important juncture in the Battle of Leyte, the chief Japanese admiral was flying across the Visayan Islands. Bad weather forced down his plane on the island of Cebu. When it landed, the natives captured him. He had in his possession very valuable Japanese papers. Those papers showed the location of every ship in the Japanese Navy at that time. The Jap admiral was flying to hold a conference with those who shortly would fight the great naval battle of the Philippines in which our fleet met with outstanding success. Those papers were im-

mediately sent to our own military forces by the Filipinos. The Jap admiral was kept in captivity. The Jap garrison on Cebu became so infuriated that they started killing a number of Filipinos each day in order to force the Filipinos to give up their Jap captive. Only after a number of people had been killed did the Filipinos relent, and then only after a conference in which it was agreed that the admiral would be given up provided there would be no more killing or mistreatment of civilians on that island.

On another occasion, while we had weather reports from most of the Pacific areas, we did not have weather reports for the Philippine area which, as Senators know, reaches for about a thousand miles in length and several hundred miles in width. A group of Americans and Filipinos were taken to Australia and there trained in weather reporting. This group was then equipped with portable radio stations. They were then taken back secretly to the Philippines and distributed throughout the islands. Thus, during the time of the Japanese invasion and occupation, we had 200 radio stations reporting daily from all over the Philippines to the leaders of our armed forces. These reports came in at certain specified times. Not only did they report the condition of the weather prevailing over the Philippines, but in addition they reported the location of Japanese ships, their number, size, and course; and they also told our armed forces where the Japanese troops were in the Philippines, how strong they were, and quite often what their intentions were.

It is needless for me to point out that this aid was of the greatest value to our armed forces. It allowed us to maneuver with pretty full knowledge of what the enemy was doing, where he was stationed, where his fortifications were, how strong he was, and the like. It made our landing operations almost a predictable success. It made it possible to save the lives of countless thousands of Americans, to save other thousands from wounds and disease, to shorten the war, and to make the reconquest of the Philippines a speedy and signal victory.

It is stated in the Philippine Islands by competent Army authority and without a single contradiction, that there is not a known case of an American refugee, an airman forced down on the islands, or a fleeing soldier whom the Filipinos did not hide, feed, and shelter, and on numerous occasions they planned and made successful his escape. There is not a single reported case where there was any treachery, even though induced by Japanese bribery, on the part of the Filipino people against any American soldier or civilian. Quite frequently Filipinos were tortured and sometimes shot, but not once did they give away any American.

On another occasion, four American aviators who were forced down were able to contact some Filipinos through whom a request was made for a submarine to come to take them off. Because of the difficulties involved, help did not come when expected. In this case two Filipinos secured a boat and took the four airmen a considerable distance through enemy-held islands to Leyte,

where they landed near General MacArthur's headquarters. After thanking these Filipinos for their daring act of rescuing those four American aviators, General MacArthur directed that their boat be loaded to the gunwhales with food and supplies as a reward for their heroic undertaking.

These instances, which are but few of many, illustrate the great loyalty, the unflinching resistance, and the fine spirit of cooperation which the Filipinos have constantly accorded our flag and our military forces. It shows that our policy of dignifying the Filipino, helping him on the way to ultimate independence, and our just and humane consideration of his welfare, have paid rich dividends. While the subjugated people of other lands have, in some cases, failed to cooperate with those who held sovereignty over them, the Filipinos are a striking exception to this rule. I cannot resist the thought that in spite of the wide advertisement that Americans know nothing about dealing with the people of other lands, and that our efforts in this direction are amateurish, we have proved to be surprisingly expert. Experience has already demonstrated that our example could be followed with great profit by those who are frequently regarded as having exceptional talent for dealing with foreign peoples.

What of present and future relationships between the United States and the Philippines? The first of these is the question of independence. I look upon independence as a settled issue. So does President Truman, so does President Osmeña, and so does General MacArthur. Every President, from McKinley down to Truman, has held out the prospect that eventually the Philippines would be given their independence. The Filipinos have asked us to make good on that promise. We have made good, and the event of Filipino independence on or before July 4, 1946, is as certain as anything human can be. There are, of course, persons in the Philippines, most of them being engaged in business and many of whom are not Filipinos, who for one reason or another do not favor independence. Anyone visiting the Philippines is likely to see much of such persons, and to form the opinion that nobody in the Philippines wants independence. However, one finds no such sentiment among the elected representatives of the Filipino people, nor, so far as I could learn, among the rank and file of the Filipinos themselves. There are a few Filipinos, of course, who do not favor the independence program, but the overwhelming majority of them now, as in 1934, want what our Government has solemnly declared they shall have, and they want no postponement of it whatsoever. Therefore, I think we should proceed in this Congress with the idea that Filipino independence is a settled issue. General MacArthur told me he so regarded it; so did President Osmeña, and I know that from talks with President Truman he also is in accord with this policy.

Immediate aid to the Filipinos, as I have pointed out, must be within the limits imposed upon us by our present and coming military operations. Much has

been done and much will be done to alleviate the worst aspects of their distress, even in spite of tremendous military demands, but any real program of helpfulness must, to a large extent, wait until conditions permit it. In the meantime, the Philippine government, national provincial, and municipal, is faced with difficult problems. Their ability to obtain revenues has been seriously impaired. I recommend to the Congress and to the administration that, if need be, we make such loans as are necessary to the Philippine government to carry it through this difficult period—say the first 3 years—and to supplement their diminished revenues. The Philippine government should have sufficient income to permit it to carry on civil government in the islands in the interests of all concerned. Obviously, the islands' own tax revenues in the first year will be small, but they will be larger in the second year and still larger in the third year. But during this 3-year emergency period United States loans may be necessary. Any such loans I am sure, would be repaid when better times come to the Philippines.

WAR DAMAGE RELIEF AND REHABILITATION

This Government, so far as I can ascertain from study, from the War of the Revolution down to date, has never paid war damages to its own citizens. What property the Army has requisitioned for its own use, it has, of course, paid for, but it has never paid for the damage inflicted on persons or property as a result of actual warfare.

During this war, arrangements were made to deal with this matter through the medium of the War Damage Corporation. The relationship of property in the Philippines to war damage insurance will undoubtedly be clarified later by act of Congress. I shall not discuss this insurance subject further at this time, because I learned that the War Damage Corporation has already sent men to the Philippines to gather information to help them formulate a policy.

It would be unwise in my opinion, at least for the present, if we were to depart from our long and traditional attitude toward war damages, that is apart from insurance. On the other hand, we would be a heartless and unappreciative Nation if we did not recognize the dire straits of the Filipino people as a result of the fighting with the Japanese. I, therefore, respectfully suggest to the Congress that we make a gift of \$100,000,000 for the purpose of assisting in the rehabilitation and reconstruction of the Philippines, this sum to be expended by our Army and Navy engineers in accordance with a program to be worked out by the Congress.

Such a program would help mightily in restoring the homes and the industry in the Philippines, whereas the mere payment of cash might not. At any rate, I do not believe, for many reasons which I shall not take the time to detail, that we should embark on a program of paying war damages per se apart from insurance—throughout the Philippines. Rather, I suggest that we make this appropriation in the form of a gift. This policy will permit us to retain our tradi-

tional attitude toward war damages on the one hand, while at the same time, on the other, to bring a large measure of aid to the people and industries of the Philippine Islands.

FUTURE TRADE RELATIONS

In the field of future trade relations between the Philippines and the United States, we run into many schools of thought. Some advocate perpetual free trade between the islands and this country; others advocate free trade for a limited number of years; others would put the Philippines, immediately after independence, on the same basis as that of any other nation in its trade relationship with the United States. This is a matter which Congress will have to consider, and it is difficult for anyone to chart a course at this moment which would be in the interest of both the Filipinos and our own people. However, I respectfully suggest some considerations which I believe are worthy of deep thought. Whatever trade policy this Congress adopts can be changed by any succeeding Congress. Trade relationships are never stable in the United States. We have had high tariffs and we have had low tariffs and we have had protective tariffs and tariffs for revenue only. We have had practically all of these while I have been a Member of the United States Congress.

If the present Congress were to promise the Philippines free trade for an indefinite period—or even for 20 years—the islands would immediately start shaping their economy to take advantage of that trade relationship. But if a subsequent Congress decided to discontinue the free-trade relationship after it had been in existence for some time, the Filipino economy would then be up against a stone wall. Confusion and chaos would result in the islands, and the welfare of the Filipino people would be seriously jeopardized. If, on the other hand, we gave them free trade for, say, a period of 10 or 15 or 20 years, at the end of that interval, if not before, they would also be up against a stone wall. Unless such a trade policy were further extended, they would then have to readjust their entire economy all over again. Obviously, such a proposal would not be in the eventual best interest of the Filipinos, for we must keep constantly in mind that there can be no guaranty that any trade policy enunciated by one Congress will not be changed or altered by a succeeding Congress.

Therefore, I respectfully suggest, as a basis of consideration, that we adopt a trade relationship with the Philippine Nation which will be definite enough to inform all concerned of what our policy is going to be now and in the future, and thus clear the air of uncertainty so far as we can. It seems to me that the proper course, taking into account all the present circumstances, would be to continue the United States-Philippine trade status which was in existence at the outbreak of the war for, say, another 3, 4, or possibly 5 years. Under that arrangement the United States tariffs on Philippine products would be low in relation to those that would apply to imports from other countries. This tariff plateau

would provide an opportunity for the islands to get on their feet again. We should then gradually proceed upward from that tariff level, over a period of years, until the Philippines are in the same status as that which is the lot of other free and independent nations. We can never make the Filipinos free and independent if their economy is to be linked to ours indefinitely. They can only be free and independent by actually being free and independent. That means that eventually, like France or Britain, Peru or Bolivia, China or Australia, they must stand on their own feet. I think we should set our sights for such a target eventually and make our program one that is broad and sympathetic, which will enable them to recover in part, at least, from the ravages of war, but which will eventually permit the Filipinos to stand upon their own economic feet.

Thus, if a program of a low-tariff plateau for several years, followed by progressive increases in tariffs carefully planned to lead them to a state of eventual economic independence is adopted, we will have made good all the implications and all the expressed precepts of a free and independent Philippine Nation.

On the other hand, if we were, because they are soon to be free and independent, to adopt a trade program which would put them on the same basis as that of other foreign nations and impose upon them immediately the same tariff rates which apply to imports from other nations, we would seem to be, and I believe we would be, not only unappreciative of the loyalty they have exhibited which no money on earth could buy, but we would be unsympathetic to the great hardships and long struggle this young nation must still make to achieve its place in the sisterhood of independent republics to which it will soon be an accredited member.

So, in summing up, I respectfully recommend to your consideration, first, that our independence policy stand and that we fulfill to the letter our promise; second, that we make such loans to the Philippine government as may be wise and necessary to carry that government through the period of real emergency; third, that we make a generous gift, say, of a hundred million dollars, to be expended by our own people under proper restrictions and conditions for reconstruction and rehabilitation in the islands; and that, fourth, we promulgate a trade policy which will give this nation a chance to live and recover but which will eventually confer upon her economic as well as political freedom.

I have submitted all of these proposals to President Truman. Undoubtedly the President will have something to say about them in due time. I express the hope that the Congress may think well of this program in general and as a basis, and that we may soon embark upon it and carry it to completion.

Before closing, I would like to give you this thought, for whatever it is worth: It is my profound conviction that it would be in the interests of better relations between the Philippines and the United States and would help all of us to plant our feet on the right road if my colleagues of the Senate and House

could find it possible, without injury to the war effort, to visit these islands, and preferably before too much time has passed. This is particularly true of those of us who serve on the Committee on Territories and Insular Affairs in the two Houses. No matter how much one reads about the war in the Philippines and in the East, no matter how much one looks at the pictures of the devastation war has wrought, it is impossible to get the actual feel of the place unless one moves around the islands for a while and sees, hears, and observes what has taken place there during the war. So I am hopeful that it may be possible for the members of these committees, and perhaps others, to visit the Pacific in the not far distant future.

As we look back on the Philippine experiment, we should be short-sighted if we viewed it simply from the standpoint of the Filipino Nation alone and ourselves. The Philippines are not far from the coast of Asia. It is only a few hours' flying time from Manila to China. The Philippines are of Asia; but while of Asia, they are more in the orbit of political, cultural, and trade relationships of the United States and of North and South America than they are in the orbit of Asia. Everywhere throughout Asia our humane and helpful relations with the Philippines are known. The attitude of our Government is admired and respected. The Chinese point to it as a striking example in practical idealism. The Arab world is familiar with our good faith and policies of helpfulness which we have followed in our relations with the Philippines.

This record is too good for us to mar now as we shake hands with this former ward, congratulate it on its success in achieving independence, and wish it well on the pathway of nationhood. The eyes of all Christendom are on us, and it is good policy, as well as simple justice, to see that we do what is right and proper to make Filipino independence a success and to show the world that there is at least one nation—and that is ours—and I hope more nations, on the face of this earth who not only talk of freedom but who actually carry out their professions.

We have a reservoir of good will and respect in the Philippines that is an asset of tremendous potential value. It has made friends for us all over the world. More than that, with our great bases at Guam and Saipan, in the Philippines, and elsewhere in the Pacific, I believe we have one of the greatest guaranties against a recurrence of war, particularly an aggressive war, on the continent of Asia or elsewhere. It stands to reason that the Japanese would never have attacked us at Pearl Harbor and elsewhere had they known of the potential might of this great country. That they underestimated our power to build and create goes without saying. That calculation, or miscalculation, if you please, was a primary factor in the Japanese invasion of China and eventually of much of Asia and the Pacific.

So today, with our great bases in the Marianas and Hawaiian Islands, in the Marshalls and Carolinas, together with

those in the Philippines, that might is on full display. Many of these bases are new ones under our flag. They have been bought with the most precious thing we possess, the blood of our young people. They lie in cemeteries which dot all these islands. We must forever hold them, not for the purposes of thwarting liberty or throttling trade or coercing or subjugating the people of any other nation, but as a guaranty that our young men and women 20 years or so from now will not again have to go forth on such a quest as that on which we are presently engaged. Had these Pacific bases been in existence 10 years ago, I am sure that Japan would never have invaded China. There would have been no Pearl Harbor. There would have been no war involving the whole of Asia, perhaps. Security is no longer national—it is international. The great nations of the world alone have the power to keep the peace. None of them has more power than have we. Our relationship with the Filipinos shows clearly that America will not abuse the power which God has given it, that our power shall be used for justice and for decency among the peoples and the nations of the earth, and that the right kind of leadership has at last come to keep the peace and to promote the civilization and welfare of all mankind, at least so far as we are concerned.

We should give up no base, whether previously a mandated island or not, which has been won by the blood of our gallant soldiers, sailors, and airmen. If we do, we will again invite war and its deadly cost in life. So long as we keep these bases, the threat of war will be reduced to the minimum. With our Navy the greatest in the world, with our Air Force the greatest in the world, we perhaps more than any other nation can exert an influence on world events, looking to a prevention of another war.

Unfortunately, some of our allies and associates, particularly in the Pacific, are not equipped with the resources and manpower to enforce justice among men and nations, certainly in this area. Therefore, whether we want it or not, we must do it if it is to be done. We must make our contribution of readiness and preparedness if a third world war, more deadly than the last two, is to be prevented. And in this high endeavor which all men of good will cherish and long for, I thank the kind Providence that the United States, in its dealings with the Philippines, has given an earnest assurance to all nations, that the ideals which we hold will not be tarnished and that the power we possess will be used constructively and not destructively, and that it will be exerted for justice henceforth in a troubled, war-sick, and devastated world.

[Applause.]

Mr. HAYDEN. Mr. President, I wish to congratulate the Senator from Maryland on the very able and informative address he has just delivered to the Senate. I ask unanimous consent that his remarks be printed as a Senate document.

The PRESIDENT pro tempore. Without objection, it is so ordered.

THE SAN FRANCISCO CONFERENCE— NOTICE OF INTENTION TO ADDRESS THE SENATE ON MONDAY

Mr. BURTON. Mr. President, I wish to address an inquiry to the senior Senator from Kentucky [Mr. BARKLEY] and the senior Senator from Maine [Mr. WHITE]. I had in mind that it would be proper to make a somewhat extended statement on Monday with regard to the progress of the negotiations being conducted at San Francisco, with a view to supporting the work of our delegates there, and with a view to emphasizing the importance of international stability as a domestic necessity.

I should like to inquire of the majority leader and the minority leader whether the making of such a statement at that time might conform to or interfere with the regular business as planned?

Mr. BARKLEY. I may say, Mr. President, that the Senate will be in session on Monday, and, of course, the Senator from Ohio would be entitled to the floor, so far as I know, even if we have not concluded action on the measure now under consideration. I hope we may pass the bill this week, but if for any reason we do not, I do not know of any reason why the Senator from Ohio could not be given opportunity to express his views on Monday.

Mr. BURTON. I thank the Senator from Kentucky.

Mr. President, therefore I give notice that I expect to ask to obtain the floor on Monday with the view of making an extended statement with regard to the negotiations at San Francisco.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REPORT OF SURPLUS PROPERTY BOARD

A letter from the Chairman and members of the Surplus Property Board, transmitting, pursuant to law, the second quarterly progress report of the Surplus Property Board (with an accompanying report); to the Committee on Military Affairs.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents in the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. BARKLEY and Mr. BREWSTER members of the committee on the part of the Senate.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McKELLAR, from the Committee on Appropriations:

H. J. Res. 208. Joint resolution making an appropriation for emergency flood-control work, and for other purposes; without amendment (Rept. No. 327); and

H. J. Res. 212. Joint resolution making a supplemental appropriation for the fiscal

year ending June 30, 1945, for the Children's Bureau, Department of Labor, and for other purposes; without amendment (Rept. No. 328).

By Mr. O'DANIEL, from the Committee on Claims:

S. 543. A bill for the relief of Felix Fredrickson; with an amendment (Rept. No. 329);
H. R. 802. A bill for the relief of Camp No. 1, Alaska Native Brotherhood, Sitka, Alaska; without amendment (Rept. No. 331);

H. R. 912. A bill for the relief of William H. Shultz; without amendment (Rept. No. 332);

H. R. 993. A bill for the relief of Mrs. Ellen C. Burnett; without amendment (Rept. No. 333);

H. R. 1038. A bill for the relief of Daniel B. Johnson; without amendment (Rept. No. 334);

H. R. 1059. A bill for the relief of Leonard D. Jackson and Elsie Fowkes Jackson; without amendment (Rept. No. 335);

H. R. 1488. A bill for the relief of Austin Bruce Bowen; without amendment (Rept. No. 336);

H. R. 1617. A bill for the relief of Hugh M. Gregory; without amendment (Rept. No. 337);

H. R. 1756. A bill for the relief of the estate of the late Demetrio Caquias; without amendment (Rept. No. 338); and

H. R. 2336. A bill for the relief of Osborne E. McKay; with amendments (Rept. No. 330).

By Mr. JOHNSTON of South Carolina, from the Committee on Claims:

S. 711. A bill for the relief of Ernest L. Fuhrmann; with an amendment (Rept. No. 339);

H. R. 1453. A bill for the relief of Edith M. Powell; without amendment (Rept. No. 340); and

H. R. 1482. A bill for the relief of the legal guardian of Samuel Wadford; without amendment (Rept. No. 341).

By Mr. ELLENDER, from the Committee on Claims:

S. 489. A bill for the relief of Caffey Robertson-Smith, Inc.; without amendment (Rept. No. 342);

H. R. 842. A bill for the relief of Mrs. Sadie L. Dance, Michigan Millers Mutual Fire Insurance Co., and State Farm Fire Insurance Co.; with amendments (Rept. No. 353);

H. R. 1091. A bill for the relief of Harold J. Grim; without amendment (Rept. No. 343);

H. R. 1243. A bill for the relief of Mrs. C. J. Rhea, Sr.; without amendment (Rept. No. 344);

H. R. 1328. A bill for the relief of Mrs. Cecilia M. Tonner; without amendment (Rept. No. 345);

H. R. 1606. A bill for the relief of Ethel Farkas, Julius Farkas, and legal guardian of Terez Farkas; with an amendment (Rept. No. 346);

H. R. 1611. A bill for the relief of Charles E. Surmont; without amendment (Rept. No. 347);

H. R. 2003. A bill for the relief of the legal guardian of Stewart Martin, Jr., a minor; without amendment (Rept. No. 348);

H. R. 2700. A bill for the relief of Alice Walker; without amendment (Rept. No. 349);

H. R. 2721. A bill for the relief of the Tobey Hospital; without amendment (Rept. No. 350);

H. R. 2730. A bill for the relief of Mrs. Jane Strang; without amendment (Rept. No. 351); and

H. R. 2925. A bill for the relief of Nelson R. Park; without amendment (Rept. No. 352).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BALL:

S. 1116. A bill to provide additional pay for enlisted men of the Army who are award-

ed the Medical Badge; to the Committee on Military Affairs.

By Mr. WALSH:

S. 1117. A bill to authorize the Secretary of the Navy to convey Casa Dorinda Estate in Santa Barbara County, Calif., to Robert Woods Bliss and Mildred B. Bliss;

S. 1118. A bill for the relief of First Lt. Jack Sanders, United States Marine Corps Reserve, for the value of personal property destroyed as the result of an explosion at Camp Lejeune, N. C., on January 22, 1945; and

S. 1119. A bill to reimburse certain Navy personnel and former Navy personnel for personal property lost or damaged as the result of a fire in building No. 146 at the naval operating base, Bermuda, on April 26, 1945; to the Committee on Naval Affairs.

By Mr. OVERTON (for Mr. McCARRAN):

S. 1120. A bill to provide for the reorganization of Government agencies, and for other purposes; to the Committee on the Judiciary.

EXPENSES OF HEARINGS BEFORE COMMITTEE ON APPROPRIATIONS

Mr. McKELLAR submitted the following resolution (S. Res. 132), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Appropriations, authorized by Senate Resolution 9, agreed to January 6, 1945, to send for persons, books, and papers; to administer oaths; and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject referred to said committee, hereby is authorized to expend from the contingent fund of the Senate, for the same purposes, during the Seventy-ninth Congress, \$10,000 in addition to the amount of \$5,000 heretofore authorized.

EXPENSES OF HEARINGS BEFORE COMMITTEE ON FOREIGN RELATIONS

Mr. GEORGE submitted the following resolution (S. Res. 133), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Foreign Relations, authorized by Senate Resolution 9, agreed to January 6, 1945, to send for persons, books, and papers; to administer oaths; and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject referred to said committee, hereby is authorized to expend from the contingent fund of the Senate, for the same purposes, during the Seventy-ninth Congress, \$5,000 in addition to the amount of \$5,000 heretofore authorized.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H. R. 209. An act for the relief of David B. Smith;

H. R. 981. An act to authorize payment of certain claims for damage to or loss or destruction of property arising prior to May 27, 1941, out of activities of the War Department or of the Army;

H. R. 1307. An act for the relief of Montgomery City Lines, Inc.;

H. R. 1527. An act to exempt the members of the Advisory Board appointed under the War Mobilization and Reconversion Act of

1944 from certain provisions of the Criminal Code;

H. R. 1567. An act for the relief of Katherine Smith; and

H. R. 1711. An act for the relief of Blanche H. Karsch, administratrix of the estate of Kate E. Hamilton.

EXTENSION OF EMERGENCY PRICE CONTROL AND STABILIZATION ACTS OF 1942

The Senate resumed the consideration of the joint resolution (S. J. Res. 30) extending the effective period of the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended.

Mr. THOMAS of Oklahoma. Mr. President, I ask that the amendment I offered immediately after the Senate convened today be laid before the Senate.

The PRESIDENT pro tempore. The clerk will state the amendment for the information of the Senate.

The CHIEF CLERK. It is proposed to add the following new section at the end of the joint resolution:

SEC. 3. That for the purpose of restating and clarifying the policy of Congress with respect to the prices of agricultural commodities, as set forth in section 3 of the Emergency Price Control Act of 1942, as amended by section 2 of Public Law 729, Seventy-seventh Congress, approved October 2, 1942, and as further amended by section 201 of the Stabilization Act of 1942, it shall be unlawful to establish or maintain against any processor a maximum price for any major product (applied separately to each major item in the case of products made in whole or major part from cotton or cotton yarn) resulting from the processing of any agricultural commodity, or maximum prices for the products of any species of livestock (such as cattle, hogs, or sheep) (the products of each species of livestock to be taken as a group in establishing or maintaining such maximum prices) which does or do not equal all costs and expenses (including all overhead, administrative, and selling expenses allowed as expense deductions in computing Federal income and excess profits tax liability) incurred in the acquisition of the commodity or species of livestock and in the production and distribution of such product or products plus a reasonable profit thereon, not less than the profit earned thereon by such processor during a representative base period.

Mr. THOMAS of Oklahoma obtained the floor.

Mr. WHITE. Mr. President, will the Senator yield to me for a question?

Mr. THOMAS of Oklahoma. I yield to the Senator from Maine.

Mr. WHITE. Is the amendment which has just been read at the desk identical with the amendment which appears in the minority views?

Mr. THOMAS of Oklahoma. No. In one particular it is different, that is with respect to the citations of the existing law.

Mr. WHITE. But substantially it is identical?

Mr. THOMAS of Oklahoma. It is word for word identical so far as the legislation it proposes is concerned, but in the amendment embodied in the minority views the three statutes which are already in existence relating to this question are not properly stated.

Mr. President, I have copies of the amendment as it was read from the desk, and I ask that they be distributed to

Senators so they may read the amendment.

The PRESIDENT pro tempore. Without objection, copies of the proposed amendment will be distributed as requested by the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. Mr. President, the amendment just read at the desk, which is offered as section 3 to the pending joint resolution, is the result of the hearings held before the Senate Committee on Agriculture and Forestry during the past 3 months. Conditions in the meat industry became so bad that the Senate authorized an investigation of them, and they were such as to justify the House in appointing a special committee to consider the difficulties and problems of the meat industry. Both committees made their reports, and they are now printed and are before the Members of the respective Houses.

Mr. President, in order that I may not take up any unnecessary time, and that I may make the statement as brief as I can, I desire to place in the RECORD some data which I think bear directly on the issue.

When the war came on a few years ago all agreed that it was necessary to enact some sort of price-control law—a law which would, so far as possible, prevent inflation. So the Congress took up this matter, and in 1942 enacted legislation under the title: "To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes." This law, which was styled "the Emergency Price Control Act of 1942," was approved January 30, 1942.

Mr. President, this act contains one section seeking to protect farm prices throughout the United States. In order that it may appear in the RECORD at this time, I send to the desk the section referred to, and I ask that the clerk read the portion marked with a blue pencil.

The PRESIDENT pro tempore. Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

AGRICULTURAL COMMODITIES

SEC. 3. (a) No maximum price shall be established or maintained for any agricultural commodity below the highest of any of the following prices, as determined and published by the Secretary of Agriculture: (1) 110 percent of the parity price for such commodity, adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or, in case a comparable price has been determined for such commodity under subsection (b), 110 percent of such comparable price, adjusted in the same manner, in lieu of 110 percent of the parity price so adjusted; (2) the market price prevailing for such commodity on October 1, 1941; (3) the market price prevailing for such commodity on December 15, 1941; or (4) the average price for such commodity during the period July 1, 1919, to June 30, 1929.

(b) For the purposes of this act, parity prices shall be determined and published by the Secretary of Agriculture as authorized by law. In the case of any agricultural commodity other than the basic crops corn, wheat, cotton, rice, tobacco, and peanuts, the Secretary shall determine and publish a comparable price whenever he finds, after in-

vestigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

(c) No maximum price shall be established or maintained for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in subsection (a).

Mr. THOMAS of Oklahoma. Mr. President, that was the law enacted to insure farm producers that during the war they could at least have, so far as the law could give it to them, fair and equitable prices. The Administrator, which means the OPA Administration, disregarded this provision of the law to such an extent that within less than 1 year the Congress was called upon to reconsider the matter, and in October of 1942 it undertook again to give the OPA a directive.

I now send to the desk a further provision which the Congress passed, in which it sought to direct the OPA as to what to do with respect to farm prices. I ask that the portion of this law which I have marked, be read at the desk. It is from the act approved October 2, 1942.

The PRESIDENT pro tempore. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

Provided further, That in the fixing of maximum prices on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing; *Provided further*, That in fixing price maximums for agricultural commodities and for commodities processed or manufactured in whole or substantial part from any agricultural commodity, as provided for by this act, adequate weighting shall be given to farm labor.

Mr. THOMAS of Oklahoma. Mr. President, after the Congress had acted the second time, still the OPA authorities refused to proceed in accordance with the manifest policy of the Congress. So by the year 1944 the Congress had to pass another act in an effort to get the OPA authorities to follow the policy laid down by the Congress.

I send to the desk a copy of the Stabilization Act of 1942, approved June 30, 1944, and ask that the portion on page 12 which I have underscored be read.

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

AMENDMENTS TO SECTION 3 OF THE STABILIZATION ACT OF OCTOBER 2, 1942

SEC. 201. (a) The first proviso contained in section 3 of the Stabilization Act of October 2, 1942, as amended, is amended to read as follows: "*Provided*, That the President shall, without regard to the limitation contained in clause (2), adjust any such maximum price to the extent that he finds necessary to correct gross inequities; but nothing in this section shall be construed to permit the establishment in any case of a maximum price below a price which will reflect to the producers of any agricultural commodity the price therefor specified in clause (1) of this section!";

(b) Section 3 of such act of October 2, 1942, as amended, is amended by adding at the end thereof the following new paragraphs:

"On and after the date of the enactment of this paragraph it shall be unlawful to establish or maintain any maximum price for any agricultural commodity or any commodity processed or manufactured in whole or substantial part from any agricultural commodity which will reflect to the producers of such agricultural commodity a price below the highest applicable price standard (applied separately to each major item in the case of products made in whole or major part from cotton or cotton yarn) of this act.

"The President, acting through any department, agency, or office of the Government, shall take all lawful action to assure that the farm producer of any of the basic agricultural commodities (cotton, corn, wheat, rice, tobacco, and peanuts) and of any agricultural commodity with respect to which a public announcement has been made under section 4 (a) of the act entitled "An act to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes," approved July 1, 1941, as amended (relating to supporting the prices of nonbasic agricultural commodities), receives not less than the higher of the two prices specified in clauses (1) and (2) of this section (the latter price as adjusted for gross inequity).

Mr. THOMAS of Oklahoma. Mr. President, some might inquire why the Congress is called upon to consider this matter a fourth time. My reply to such an inquiry would be that it is because the OPA authorities have wholly disregarded the acts of Congress, not only in one case, but in three cases, because there are three sections of the law, in separate acts, which direct the OPA authorities to give consideration to farm commodity prices on the basis of the policy enunciated by the Congress; and the OPA authorities refuse to do so.

Some one might ask, "What explanation have you to give?" The explanation I have to give is that the OPA does not desire to have any directive given it by the Congress of the United States. So far as farm commodities are concerned, it does not now have any directive with respect to farm prices. If the OPA had its way, it would repeal—and in effect it has repealed—each of these three sections. Not only has the OPA repealed these three sections, but the Emergency Court of Appeals has likewise repealed them. I have before me an opinion of the Emergency Court of Appeals which was handed down recently in case No. 101. It is the case of Armour & Co., an Illinois corporation, against Chester Bowles, Price Administrator. The case was decided on March 29, 1945. I desire to read from the opinion. I quote from page 15:

Without undertaking to define precisely what is meant by "out-of-pocket costs," they do include direct labor and material costs, and undoubtedly exclude general overhead such as administrative and selling expenses.

Mr. LANGER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. WAGNER in the chair). Does the Senator from Oklahoma yield to the Senator from North Dakota?

Mr. THOMAS of Oklahoma. I yield.

Mr. LANGER. Will the Senator state the facts of the case, so that we may understand to what the decision related?

Mr. THOMAS of Oklahoma. This was a meat case. Armour & Co. was appealing from the order of the OPA. The OPA refused to allow the packing companies, great and small, to include in their costs of production administrative and selling expenses. I do not understand how an organization could live unless it included in its costs both administrative expenses and selling expenses. In this case the OPA refused to permit Armour & Co. and other companies to include in their cost items their administration and selling costs. The Emergency Court of Appeals said:

They do include direct labor and material costs, and undoubtedly exclude general overhead such as administrative and selling expenses.

Further on the court sustains the OPA decision. I desire to have read at the desk the last page of the decision, because it relates to the laws which Congress has enacted. The opinion concludes with the following statement:

A judgment will be entered dismissing the complaint.

That means that the Emergency Court of Appeals held against the packing company and sustained the OPA contention that the packing companies are not entitled to have their administrative costs included in their costs of production. Neither are they entitled to have their selling expenses included in their costs of production.

I ask unanimous consent that the portion of the opinion which I have indicated be read at the desk.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

In the act of October 2, 1942 (56 Stat. 765), now cited as the Stabilization Act of 1942, the so-called McKellar amendment added a proviso as follows:

"Provided further, That in the fixing of maximum prices on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing. . . ."

The only legislative history with reference to the amendment is found in a statement on the Senate floor by Senator Brown, who had charge of the bill, explaining the amendment thus:

"Mr. President, that amendment is in line with the policy already established by the Price Control Act, and I believe it is substantially a restatement of existing law. As I understand, the Senator from Tennessee desires that the policy be restated in the joint resolution. Personally, I have no objection" (88 CONGRESSIONAL RECORD 7494). In other words, the McKellar amendment did not modify the basic statutory standard in section 2 (a) that maximum prices must be "generally fair and equitable," which would naturally mean that the prices established must allow a generally fair and equitable margin. As we held in the Gillespie case, where industry earnings under price control have remained at or above the representative peacetime level, the prices established for a particular product produced by a multiple-product industry provide a generally fair and equitable margin when they are sufficient to

allow the recovery of out-of-pocket costs in respect to such product.

Contrary to complainant's contention, we do not deem relevant to the present case the proviso introduced by way of amendment to section 2 (a) by the Stabilization Extension Act of 1944, as follows: "Provided, That no such regulation or order shall contain any provision requiring the determination of costs otherwise than in accordance with established accounting methods." RMPR 169 contains no provision requiring changes in cost-accounting methods; the industry remains free to follow its old cost-accounting practices. The Administrator has merely refused to accept the cut-out test method used in the industry as the yardstick for determining whether the maximum prices are generally fair and equitable. It surely was not the intention of Congress to require the Administrator, in discharging his duties under section 2 (a) to accept at face value the results indicated by whatever method of cost accounting the industry has chosen to pursue. For the same reason we hold that the regulation does not operate "to compel changes in the business practices, cost practices, or methods . . . established in any industry," contrary to the prohibition of section 2 (h) of the act as amended.

A judgment will be entered dismissing the complaint.

Mr. THOMAS of Oklahoma. Mr. President, that decision is offered to show—and it shows conclusively—that the OPA has disregarded the three acts of Congress. Secondly, it shows that the Federal Emergency Court of Appeals, appointed pursuant to law to consider appeals from the OPA, sustained the OPA in its disregard of the law.

In effect, this opinion repeals each of three sections of the law upon the statute books today; and, so far as the OPA is concerned, and so far as the farm price problem is concerned, there is no law that the OPA recognizes, and there is no law that the United States Emergency Court of Appeals recognizes. So the amendment offered this afternoon is intended to give the OPA a fourth directive. If this amendment is adopted and becomes law, and the OPA disregards it I presume Congress cannot compel the OPA to enforce the law. All we can do is to enact the law, and then try to get the agencies to enforce it. Of course, we have remedies against agencies of the Government which refuse to enforce the law. Insofar as I am concerned, I should like to make use of some of those remedies, if I could have my way about it.

Mr. LANGER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). Does the Senator from Oklahoma yield to the Senator from North Dakota?

Mr. THOMAS of Oklahoma. I yield.

Mr. LANGER. I remember that at the time when the Tydings amendment was before the Senate and when the Selective Service System refused, as Senators will recall, to defer farm boys, I asked the distinguished senior Senator from Ohio [Mr. TART] what remedy we had against Mr. Hershey. His reply was very unsatisfactory.

I should like to know what power the Congress has, aside from withholding appropriations, against some of the agencies which are appointed by the Executive.

Mr. THOMAS of Oklahoma. Mr. President, the incident cited by the distinguished senior Senator from North Dakota is in point. The Congress attached what is known as the Tydings amendment to the Selective Service Act. The authorities who were to administer that law refused to abide by it and paid practically no attention to it. So the Congress was forced to make a second attempt to make the law so plain that they could not disregard it. Even though we made a second attempt, in my opinion, the law is not being enforced as the Congress intended it to be enforced.

But now we have no law upon the statute books which in any way protects the farmers in respect to the prices paid for their commodities during the war.

Mr. President, at this point I send to the desk a telegram which I have received. It verifies the statement I have just made. The writer of the telegram is Mr. Wilbur LaRoe, Jr. It is true that he is an eminent lawyer, and some persons may not wish to take his viewpoint; but I think his judgment is to be respected, and I think his opinion is sound. I ask unanimous consent that the telegram be read at the desk.

The PRESIDING OFFICER. Without objection, the telegram will be read.

The Chief Clerk read as follows:

CHICAGO, ILL., June 7, 1945.

HON. ELMER THOMAS:

Supreme Court decision denying certiorari Armour case nullifies McKellar amendment in present statute by supporting contention of OPA that the amendment is without significance. This makes doubly necessary a new amendment in language so clear and specific that it cannot be nullified by interpretation.

WILBUR LAROE, JR.

Mr. THOMAS of Oklahoma. Mr. President, the investigation held by the Senate Committee on Agriculture and Forestry disclosed a great many things which were somewhat alarming. We found conclusive evidence that there exists in this country a vast black market. The OPA knows about this black market, because I exhibit to the Senate a release from the OPA, dated May 30, 1945, which was only 8 days ago. It is a report by Chester Bowles, Administrator of the OPA, to the Members of the United States Senate and House of Representatives. On page 2 of the release Mr. Bowles says:

By May 25 only 15,220 nonfederally inspected slaughterers had registered with the OPA for their quotas. No doubt some of those who have not registered still intend to do so. It is safe to say, however, that the great majority of the 11,000 which failed to apply had been operating in the black market. Today they no longer can do business.

He means by that statement that they no longer can do business legally. Mr. Bowles admits, speaking for his organization, that a great majority of the 11,000 slaughterers-packers are operating in the black market. One-half of 11,000 is 5,500; so he says that a large number in excess of 5,500 are operating in the black market today.

Mr. President, that is one thing the amendment seeks to cure. If the amendment is agreed to and if it becomes operative as its proponents think it should,

it will exert a powerful influence, we think, in stopping and terminating the black market. It will permit the packers to live. They cannot live now, under existing conditions. Their packing houses are closed. Until recently four packing houses were operating in the city of Washington. How many are operating now, Mr. President? My information is that none are operating now. Why are those packing houses not operating in the District of Columbia? Why are others not operating throughout the States of this Republic? They are not operating because under the rules and regulations and ceilings provided by the OPA they cannot exist, and as a result they have gone out of business and have closed their doors.

This matter was called to the attention of the OPA authorities by the Senate and House committees. The OPA has made three separate attempts to bring about a better condition in the meat industry. The investigations by the two congressional committees, when the reports based on them were filed, forced the authorities of the OPA to take notice of the recommendations. So the organization in control of prices made three separate attempts to help the meat industry. The first effort, step No. 1, was made while the hearings were being held, but the meat industry said that the amended orders were of no benefit to them, and that in many particulars they were worse than the first orders. So the OPA could not get by with that adjustment.

The complaints continued; so the OPA then took a second step; it brought out what it called a 10-point program, and it put that program into operation. The meat industry said that program was better than the first one, but it was not sufficient, and they could not operate under it.

So the OPA had to take notice of those complaints; and then, as a last resort, being forced by both Houses of Congress, it brought out program No. 3. That program has afforded some relief to the packing industry, especially to the larger packers; but under the program the small packing house quotas have been limited. So the packing house located out in the country is allowed to slaughter only so many hogs a month and so many cattle a month.

Mr. President, the report which Mr. Bowles, as Administrator of the OPA, made to the Congress made one promise to which I wish to call the attention of the Senate. He made a promise to the meat packers of America that at the end of the year, if they have suffered a loss, they may file a statement of their loss for investigation, and if they can convince the OPA authorities that they have suffered a loss, the OPA will then pay, in the form of a subsidy, a sufficient amount of money to cover the loss. No profit whatever is provided for.

Mr. President, it is obvious to me that the fact that the OPA authorities gave this promise to make good or make whole and protect from loss the packers at the end of the year is an admission on the part of the OPA that the packers are not now making money. That is exactly the fact.

Mr. President, I now wish to read from the 10-point program which was issued only recently by the OPA authorities.

Mr. BALL. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BALL. Does the Senator know of any law under which the OPA could fulfill its promise to make any individual concern whole at the end of the year?

Mr. THOMAS of Oklahoma. That is the point I was going to make, Mr. President. I know of no such law. I have asked attorneys who have time at their disposal to search the law books, but I have found no attorney who has been able to find such a law. I have asked the OPA to cite the law which would give them such authority, and they have not cited any. So I make the statement that there is no law which authorizes the OPA to pay a subsidy at the end of the year to any concern which can show it has incurred a loss. Yet that is one of the promises the OPA made to the packers. The OPA made it on April 23, when this release was issued. The OPA has made it since, and it made the promise again only this morning, before the Senate Committee on Banking and Currency.

Mr. President, inasmuch as the part which I have read embraces approximately but three or four paragraphs, I send the release to the desk and ask that the clerk read the portions which are indicated by a blue pencil mark.

The PRESIDING OFFICER. Without objection, the clerk will read as requested by the Senator from Oklahoma.

The Chief Clerk read as follows:

INCREASES, IF NECESSARY, IN SUBSIDY PAYMENTS OR PRICE CEILINGS ON PORK

It is expected that OPA's present study of the price ceilings for pork and pork products will be completed so that a final decision can be made known on or before May 10, 1945. As previously announced, any increases which prove necessary will be made effective, by means of subsidy payments, retroactively to April 1, 1945. Such increases will be made effective for the future either by an increase in subsidy payments or in price ceilings or by a combination of both. In making such determination, the adjustments on beef will be taken into consideration. If the final determination is not made by May 10, there will be an interim subsidy payment of 40 cents per hundredweight, subject to later adjustment upward or downward in accordance with the final decision.

ADJUSTMENTS FOR INDIVIDUAL SLAUGHTERERS

A primary feature of today's program is a special adjustment plan designed to make certain that no individual slaughterer who operated profitably in peacetime will be compelled to discontinue operations during the present critical period.

The adjustment will take the form of a special subsidy to be paid by the Defense Supplies Corporation on certification by the Office of Price Administration.

Any slaughterer whose plant operated profitably within the period 1938-41 and who believes that in the absence of further adjustment he will be unable to operate without loss for the balance of his current fiscal year, will be eligible for the special subsidy if he has been in compliance with applicable price and rationing regulations during the period for which he seeks relief. To show that his plant operated profitably in the period 1938-41, the slaughterer must show that during that period or such part of it as the plant was in operation the business

either earned a profit on sales of meat and related products on the average for the period of operation or earned such a profit during at least half of the years within the period.

Mr. THOMAS of Oklahoma. Mr. President, the clerk has read the substance of the provision. There is one line on the next page which has been underscored with a blue pencil. I ask that that line be read.

The PRESIDING OFFICER. The clerk will read as requested.

The Chief Clerk read as follows:

First, an increase of 25 cents per hundredweight is authorized in the maximum prices of carcass beef of choice, good, and commercial grades on sales to the Government. For Army frozen boneless beef an increase of 35 cents per hundredweight is provided, because of an approximate 30-percent shrinkage incurred in the boning operation. Comparable adjustments are being made on sales to the War Shipping Administration.

Mr. THOMAS of Oklahoma. Mr. President, that is as much of the document as I care to have read. I do not desire to put all of it into the Record because I believe Members have copies of the release in their office files.

I invite particular attention of the Senate to this matter because it is unusual for a Federal agency to make a promise to the people of America that at the end of a fiscal year, if they can show they have suffered a loss during the year, the agency will give them a special subsidy in order to make up the loss which they have sustained. That is exactly what the OPA has done with respect to the slaughterhouses of America. I submit this question to the OPA: How can you expect the slaughterhouses to operate for a year at a loss and still maintain themselves in business?

Mr. President, most slaughterhouses are not gigantic institutions. There are what are known collectively as the Big Four, but of the 26,000 slaughterhouses located throughout the United States, most of them are small institutions. In order to obtain money for the operation of their business, those slaughterhouses must frequently borrow from the banks. I doubt if any bank in America would loan a packing house money with which to conduct its business if the only assurance the bank could receive of a repayment of the loan was that at the end of the year the OPA, according to its promise, would make good the loss which the packing house had sustained. I cannot find one law which authorizes such a promise. So far as I know, there is no law which authorizes the OPA to make a promise of that nature. If there were such a law, Mr. President, the OPA would first have to obtain the money in order to pay the subsidy. It cannot merely write a check for the money. It must first ask the Congress of the United States for the money in order to make special payments in the form of special subsidies for the purpose of remunerating packing houses for the losses which they have sustained during the previous year. Banks will not make loans on such a basis. That being true, the slaughterers cannot finance themselves, and many of them have ceased to operate. They will continue to cease operations

so long as the order to which reference has been made remains in effect.

Mr. President, I have had numerous conferences with the agency known as the OPA, lasting for a considerable time. After a recent conference I wrote Mr. Bowles a letter setting forth the position, as I understood it to be, of the Committee on Agriculture and Forestry. I do not desire that the letter which I wrote Mr. Bowles be read, but I ask unanimous consent that it be printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
COMMITTEE ON APPROPRIATIONS,
June 5, 1945.

HON. CHESTER BOWLES,
Administrator, Office of Price
Administration, Washington, D. C.

DEAR MR. BOWLES: I acknowledge receipt of your favor of the 4th instant and note your report on the recent changes in the rules and regulations made by your organization with respect to the meat industry.

The investigation ordered by the Senate was caused by the number of complaints coming in to Members of the Senate from their respective States and inasmuch as such complaints must have been reaching your office and nothing was being done with respect to them, it appeared to the Members of the Senate that the complaints were having little, if any, attention by your organization. Resolutions were passed by both the House and Senate authorizing committees to make an investigation and submit reports with respect to the meat industry.

After such committees were appointed and the investigations were begun, your organization did take notice of the meat situation and did take a step which was offered as a solution of the problem about which the complaints were made.

Your organization having made the meat program, must have been in possession of all the facts relating to the industry from the producing of meat animals to the sale of processed meats to the ultimate consumers. Knowing of these conditions you had full authority to adjust the rules and regulations so as to have brought about the relief which was demanded.

Your first step, or adjustment No. 1, was of so little aid that it was rejected. Thereafter you brought out your 10-point program, and again the changes and adjustments were not accepted. Following your second attempt to so adjust the rules and regulations and subsidies as to permit the small packers to continue to exist, and having failed in the opinion of the meat industry, the respective committees of the two Houses brought forth and submitted their respective reports, whereupon a third step was taken by your organization.

To this date I have not had sufficient reaction from the meat industry to enable me to judge of the sufficiency of the relief granted.

Speaking for the State of Oklahoma alone, I have continuous complaints coming in with respect to the provisions of the program. The northern part of my State is practically a solid wheat field and this year we have one of the best crops in our history. Through your rules and regulations you have limited such packing houses as we still have left to such a low quota that the packers are having to remain idle most of the time. We have, in my State of Oklahoma, more hogs and cattle than we ever had, and many of these animals are ready for slaughter, yet because of the low quotas the slaughter houses cannot kill, which in effect, first de-

stroys the market for the live animals and, second, it prevents such slaughterers from providing meat for the population residing in the area where the cattle and hogs are held and where the slaughterhouses are idle.

Farmers who produce only a few head of cattle and hogs for the market cannot, with profit, transport such animals long distances to a slaughterhouse under Federal inspection; hence, stagnation is the result of your policies in most of the State of Oklahoma. Perhaps this is not the worst part of the program. Because the wheat section of Oklahoma has lost a vast amount of its population to foreign defense plants and to the military service, it will be necessary to import into the State a number of harvest hands equal from 15 to 25 percent of the population of the wheat counties in order to insure the harvesting and saving of the crops of Oklahoma farmers.

In passing, I call your attention to the fact that the wheat and oat harvest is now on in Oklahoma. While I cannot speak with authority, I am satisfied that the conditions prevailing in Oklahoma are prevailing or will prevail in each of the farm sections and especially in the Wheat Belt of the Central West.

Because of your present policies the hotels and restaurants are unable to procure meat for their tables and the farmers are unable to procure meat to serve to the harvest hands which they will be compelled to provide for on the farms. Men engaged in harvesting farm crops must have some form of meat, otherwise they will not engage in that class of work undernourished and with an inadequate supply of proper food.

While the Senate investigation was devoted primarily to the meat industry, yet I share the feeling of many members of the Senate that your organization has not administered the law as the Congress intended that it should be administered. At this point let me call your attention to the provisions of the original law, Public Law 421, Seventy-seventh Congress; approved January 20, 1942. The portion I desire to call your attention to is found in section 3, as follows:

"Sec. 3. (a) No maximum price shall be established or maintained for any agricultural commodity below the highest of any of the following prices, as determined and published by the Secretary of Agriculture: (1) 110 percent of the parity price for such commodity, adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or, in case a comparable price has been determined for such commodity under subsection (b), 110 percent of such comparable price, adjusted in the same manner, in lieu of 110 percent of the parity price so adjusted; (2) the market price prevailing for such commodity on October 1, 1941; (3) the market price prevailing for such commodity on December 15, 1941; or (4) the average price for such commodity during the period of July 1, 1919, to June 30, 1929.

"(b) For the purposes of this act, parity prices shall be determined and published by the Secretary of Agriculture as authorized by law. In the case of any agricultural commodity other than the basic crops—corn, wheat, cotton, rice, tobacco, and peanuts, the Secretary shall determine and publish a comparable price whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

"(c) No maximum price shall be established or maintained for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in subsection (a)."

In addition to the provisions of the original law, I call your attention to the act (Public Law 729, 77th Cong.) approved October 2, 1942, and call your attention to provisos contained in section 3 of said law. Such provisos are as follows (so-called McKellar amendment):

"Provided further, That in the fixing of of maximum prices on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing: Provided further, That in fixing price maximums for agricultural commodities and for commodities processed or manufactured in whole or substantial part from any agricultural commodity, as provided for by this act, adequate weighting shall be given to farm labor."

To justify the statement just made that your organization has failed to administer the law as intended by the Congress, I call your attention to the provision of the act passed and approved on June 30, 1944. This act has as its title "To amend the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of October 2, 1942, as amended, and for other purposes." Obviously believing that the act was not administered as intended, the Congress placed in the law just mentioned the following provisions:

"Sec. 201. (a) The first proviso contained in section 3 of the Stabilization Act of October 2, 1942, as amended, is amended to read as follows: 'Provided, That the President shall, without regard to the limitation contained in clause (2), adjust any such maximum price to the extent that he finds necessary to correct gross inequities; but nothing in this section shall be construed to permit the establishment in any case of a maximum price below a price which will reflect to the producers of any agricultural commodity the price therefor specified in clause (1) of this section.'"

"(b) Section 3 of such act of October 2, 1942, as amended, is amended by adding at the end thereof the following new paragraphs:

"On and after the date of the enactment of this paragraph, it shall be unlawful to establish, or maintain, any maximum price for any agricultural commodity or any commodity processed or manufactured in whole or substantial part from any agricultural commodity which will reflect to the producers of such agricultural commodity a price below the highest applicable price standard (applied separately to each major item in the case of products made in whole or major part from cotton or cotton yarn) of this act.

"The President, acting through any department, agency, or office of the Government, shall take all lawful action to assure that the farm producer of any of the basic agricultural commodities (cotton, corn, wheat, rice, tobacco, and peanuts) and of any agricultural commodity with respect to which a public announcement has been made under section 4 (a) of the act entitled 'An act to extend the life and increase the credit resources of the Commodity Credit Corporation and for other purposes,' approved July 1, 1941, as amended (relating to supporting the prices of nonbasic agricultural commodities), receives not less than the higher of the two prices specified in clauses (1) and (2) of this section (the latter price as adjusted for gross inequity)."

Pursuant to the law enacted by the Congress, it assuredly was the intent to enact no legislation nor to provide for any administration which would prevent farm commodities to rise to that point where the full parity price would be reflected in the amount paid to the producer. Even with a world war in existence and with over \$28,000,000,000 of currency in circulation and some one hundred and forty-five billions of credit money in existence, your organization has so administered the prices of processed arti-

cles so that a number of farm commodities have not yet been permitted to rise in price sufficiently to enable the farm producers to secure the full parity price.

For example, on May 15 of this year, the parity price of wheat was \$1.53 per bushel, yet the price paid to farmers was only \$1.49 per bushel. On the same day the parity price of rye was \$1.25 per bushel, while the price paid to the farm producers of rye was only \$1.12 per bushel. On the same date the parity price of cotton was 21.45 cents per pound, while the price paid to cotton farmers was only 20.51 cents per pound. On the same date the parity price of corn was \$1.11 per bushel, while the price paid to the farmer producer of corn was only \$1.08 per bushel.

I realize that the price paid to farmers on the average is almost a full parity price, but still, with all the favorable conditions to prices, full parity prices have not been secured to farmers to date.

With respect to meat prices I have no complaint that ranchers and farm producers of hogs, cattle and sheep are not receiving the full parity price; however, with respect to meat the complaints coming to me are from feeders and small slaughterers. I have no complaints to speak of from the producers of livestock and neither have I complaints to speak of from retailers of the processed meat. Complaints are insistent that the feeders cannot operate and that the small slaughterers were in a "squeeze," wherein they could not operate without sustaining severe losses; hence, with respect to the meat industry the complaints were limited to a proper price to the feeders and to a proper spread between the price paid the slaughterers and the price they were permitted to receive for the processed products under your rules and regulations.

As stated before, I am not prepared to pass on whether or not your most recent order carried sufficient relief to permit the feeders to reengage in "feeding out" cattle and whether or not such regulations were sufficient to permit the small slaughterers to reopen for business with some prospect that they might break even, if not make a profit.

While I cannot, as yet, make a positive statement, I am advised by a number of slaughterers that your latest program does not permit them to receive their costs or to make a fair margin of profit.

In conclusion, I think the question is much more fundamental than whether this or that program provides the needed relief. In my opinion the one thing that is largely responsible for the present distress of many small companies processing agricultural commodities is the Office of Price Administration's faulty pricing policies based upon the overall industry profit test supplemented by the secondary standard profit cost. As you know, this pricing policy has been approved by the court in several cases and it seems to me that Congress must, by legislation, remedy this defect in administration.

Inasmuch as your administration of the law has brought about so much controversy and so many complaints, it would seem to me that you would welcome a further directive by the Congress as to just what policies you should follow with respect to agriculture, as well as other commodities.

For the reason stated, I feel that the amendment introduced by myself and now pending before the Senate for consideration should be called up and offered in the Senate as an amendment to Senate Joint Resolution 30, the proposal to extend the Emergency Price Control Act, as amended, and the Stabilization Act of 1942, as amended.

In thus answering your favor I do not wish to have you think that I am lacking in confidence of either your ability or willingness to administer the law as you interpret it and as you think the law should be interpreted to bring about the best conditions for all the people of our great country; how-

ever, I know that you have a vast number of highly trained experts who are making the determinations and, in effect, the decisions with respect to the many matters over which you have jurisdiction.

Assuming to speak for the citizens of one State, I am convinced that the public interest demands that the Price Control Act should be extended; however, I likewise assume to speak for one State when I say that I think just as strongly that the public interest would be served by the enactment by the Congress of a further directive clarifying the intent of the original act and further clarifying the intent of the so-called McKellar amendment, and the amendment which I have pending before the Senate seeks to do this identical thing.

If the Senate agrees to the amendment, then it will go to the other branch of the Congress, and if concurred in by the other branch, it should express the third attempt of the Congress to define your powers and duties so definitely that misinterpretation thereafter will be impossible.

Respectfully submitted.

ELMER THOMAS.

Mr. THOMAS of Oklahoma. Mr. President, on yesterday, June 6, 1945, Mr. Bowles, the Administrator of the Office of Price Administration, sent me a letter which I send to the desk and ask to have read.

The PRESIDENT pro tempore. Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

OFFICE OF PRICE ADMINISTRATION,
Washington, D. C., June 6, 1945.
The Honorable ELMER THOMAS,
Chairman, Agriculture and
Forestry Committee,
United States Senate.

DEAR SENATOR THOMAS: You have asked for a statement of the policy which the Office of Price Administration will follow in pricing the products of the various species of livestock.

Recognizing the critical shortage of meat and the imperative need of avoiding any impediment to maximum production and even distribution, this Office, in addition to satisfying all the various mandatory requirements of the present law, will see that the products of each of the three main groups of livestock—cattle and calves, hogs, and lambs and sheep—are each, separately considered, on a profitable basis.

To the fullest practicable extent the Office will see that each of these groups of products is separately profitable at all times, regardless of live animal prices. It will at all events see that each group is separately profitable on an annual basis.

I have discussed this letter with Judge Vinson and Mr. Davis, and they authorize me to say that they concur in it.

Sincerely yours,

CHESTER BOWLES,
Administrator.

Mr. THOMAS of Oklahoma. Mr. President, I wish briefly to comment upon the letter. In this letter Mr. Bowles has promised that he will see to it that every branch of the packing industry relating to beef, pork, mutton, and lamb, will operate at a profit. I desire to reread that particular paragraph of the letter:

Recognizing the critical shortage of meat and the imperative need of avoiding any impediment to maximum production and even distribution, this Office, in addition to satisfying all of the various mandatory requirements of the present law—

Mr. President, there are no requirements of the present law. The OPA has

disregarded them, ignored them, and has been sustained in its position by the Emergency Court of Appeals. I assert that there is no law which forces it to do anything. So it is very easy to make a pledge that all existing law will be enforced when the OPA does not recognize that any law governing the matter is in existence.

The paragraph continues:

will see that the products of each of the three main groups of livestock—cattle and calves, hogs, and lambs and sheep—are each, separately considered, on a profitable basis.

Mr. President, that is all the pending amendment would do. It would do but one thing, namely, to write into the law an assurance or a statement of the policy of Congress that the packers shall have a profit on their cattle and calf production, a profit on their hog productions, and likewise a profit on their lambs and sheep production. So, Mr. President, all the amendment would do would be to write into the law a forthright direction to the Office of Price Administration in an effort to compel that agency to give farmers and ranchers a fair price for the products of their land. Of course the amendment covers not only meat, but all agricultural products, everything that grows upon the farm.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WAGNER. I was going to ask to have read, if the Senator will permit me to do it now, the provision of the law by which the OPA does the very thing the Senator has in mind, I think that is at the end of the year to make up by way of subsidy any losses which may have been incurred. I was going to ask that that may be read now, or, if that is not agreeable to the Senator, I will ask that it be read at a later time.

Mr. THOMAS of Oklahoma. That section has just been read within the last 5 minutes.

Mr. WAGNER. Not section (e), because I know that Judge Vinson, who is a very able lawyer, and Mr. William Green, who is one of the best lawyers in New York, both interpret that section in a way to justify the very thing which the OPA has agreed to do and is doing.

Mr. THOMAS of Oklahoma. That is true. The OPA interprets that law in harmony with its recent actions, and its recent actions refused to recognize the right of industry to make a profit or even to pay their costs, because the OPA is going to give them back their losses at the end of the year, if they sustain losses.

Mr. MORSE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CHANDLER in the chair). Does the Senator from Oklahoma yield to the Senator from Oregon?

Mr. THOMAS of Oklahoma. I yield.

Mr. MORSE. I wish to say, Mr. President, that, in my judgment, if we are going to correct maladministration of the OPA the time to do it is now when they want further congressional sanctions for their program. I favor the objectives of OPA, but I shall continue

to criticize their mistakes and maladministration. I am not at all impressed by Mr. Bowles' letter, because in my honest opinion, judging from past experience, he will not make good on that letter.

Last September, as I said on the floor yesterday, Mr. Bowles made the statement that the OPA would not be guilty of repeating the costly mistakes it has committed for 2 years in the West in regard to the sheep industry. However the sad fact is that the same mistake is being made again.

With the Senator's permission, I should like to read into the RECORD at this point an article which appeared in the Oregon Journal of May 30, 1945, written by one of the most able reporters and correspondents on the west coast, Mr. Robert A. Holley, entitled "Lamb Problems Face Northwest." The article reads as follows:

Oregon's lamb rationing problem, the bane of district, regional, and national OPA, came within close range today.

"From all appearances, it will be the same old story of 'too little, too late' unless the OPA moves fast," R. L. Clark, livestock industry spokesman, president of Bodine & Clark Livestock Commission Co., commented when reporting that thousands of Willamette Valley lambs are ready for market.

Clark explained that butchers are literally crying for the lambs, State inspected plants are limited by slaughter quotas, and "the big federally inspected plants won't kill them until they get the price down."

"Willamette Valley farm lambs are traditionally marketed from now on through August. Since San Francisco packing plants are loaded to capacity with California lambs, it is necessary to market all lambs for the next few weeks in the Northwest."

The Portland district OPA has been given all kinds of advance notice on the 1945 lamb marketing problem by agricultural leaders and livestock associations. The Western Oregon Livestock Association passed a resolution February 13 asking that rationing of lamb be suspended from June through August, "so the crop will not be wasted." Oregon Wool Growers' Association went on record urging removal of ration points from lamb during the rush market season and asking association officers to impress upon OPA that lambs form a seasonal perishable crop.

But even if lamb were in the meat-market showcases, the consumer would not be able to buy it because he is bankrupt on red stamps. Thousands of housewives bought fish on Tuesday to serve their families over Memorial Day holiday. A survey of downtown markets late Tuesday showed customers standing, two and three deep, at fish-market counters, while at meat markets there were more employees than customers.

If the Senator from Oklahoma will yield a moment longer, I should like to refer to a couple of very basic points which I think should be kept in mind throughout this debate. First, the meat problem throughout the country has raised regional differences. I grant it is desirable, wherever possible, to have a uniform policy but it is necessary to take into account the realistic facts of what the meat producers of this country find themselves up against.

In order to make myself plain, because it illustrates the principle which I wish to emphasize, let me take a moment to say that in Oregon we have what is called the Willamette Valley and in that

valley we have what we call soft lamb. There is no higher quality lamb raised in the country, but it cannot be shipped long distances. It is not the kind of lamb that will stand shipment because of the great shrinkage it suffers in shipment. This is true also of the lamb in other sections of my State. Before the war and throughout the history of the industry Oregon lambs were slaughtered in local slaughterhouses throughout Oregon and principally in Portland. Oregon lamb has been sold to consumers of Oregon almost entirely. For 2 years the production of lambs in Oregon has been going down. This year the reduction is somewhere between 25 and 40 percent. Why? Because OPA will not be sufficiently realistic to recognize that when Oregon lambs are ready for market they must be sold and consumed in a regional area. We have asked OPA each year to lift the ration points on Oregon lambs. Last year the district OPA office in Portland agreed that was the only way to solve the problem; but Mr. Bowles, in Washington, refused to sustain the Oregon office, and so thousands of dollars were lost to sheep producers in my State. The same mistake was made 2 years ago. One of the results has been the loss to the consumers of millions of pounds of lamb through shrinkage and nonproduction.

Last September, however, when we finally persuaded Mr. Bowles at least to stop by on his way from San Francisco to Seattle by air, he dropped in at the Portland airport and a considerable number of representatives of business and livestock interests of the State waited upon him. He admitted in that conference that the Office of Price Administration had made a mistake for 2 years in handling Oregon lambs, and he gave assurance that the error would not be repeated. That is why I say to the distinguished Senator from Oklahoma that the letter with Mr. Bowles' signature attached to it, insofar as I am concerned, is not worth the paper on which it is written. He has not made good on his promise to prevent a repetition of OPA's 2-year mistake in handling Oregon lambs.

Let me make one other point. In facing the meat problem in this country we are facing also the problem of production. That is why I intimated in my remarks yesterday that to me it is unthinkable and a demonstration of great stupidity on the part of governmental agencies charged with the responsibility of increasing livestock production in this country that in the midst of a war the Government should be taking the position that the production of livestock should be reduced.

We were told yesterday by the distinguished Senator from Illinois [Mr. Brooks], as I recall—and his statement was admitted by the majority leader—that the Government agencies took the position last year that hog production should be reduced 16 percent. That is the same sort of economic waste, so far as its realistic results are concerned, as if that amount of livestock were killed and destroyed, for certainly, the meat has been made unavailable to the consumers of the country.

In my judgment, as a Congress, we have got to do something to correct this mistake before the pending legislation is finally passed. Mere promises out of Mr. Bowles are not enough. I think it is time we should put into the law language which will require OPA to adjust its meat program to the realities of the situation. I for one am not going to vote to give Mr. Bowles the blanket authority he has had in the past. I think the time has come when the Government should assure the livestock producers of this country that they are not going to be subjected further to the arbitrary and capricious power of the OPA, but that they are going to have assurance, in the letter of the law, that the type of promise Mr. Bowles sets forth in his letter to the Senator from Oklahoma will be made good by statutory mandates.

Mr. THOMAS of Oklahoma. I thank the Senator for his statement. All the amendment seeks to do, Mr. President, is to restate and clarify and make definitely certain that the farm commodities of this country shall be produced not only at cost but at reasonable profit.

Let me ask one question of Members of the Senate. Do Senators know of a single contractor who has built an Army camp or a Navy camp who has made an Army plane or a Navy plane, who has made a tank, a truck, a gun, or what not, for the war effort, who has not made a profit? If so, I have not heard of such a contractor.

Mr. BROOKS. Mr. President—
The PRESIDING OFFICER (Mr. CHANDLER in the chair). Does the Senator from Oklahoma yield to the Senator from Illinois?

Mr. THOMAS of Oklahoma. I yield.

Mr. BROOKS. I think the Senator from Oklahoma is entirely correct. Throughout the entire war effort contractors made so much profit that we had to renegotiate the contracts and get money back from the profits that were made out of the war. While we were appropriating money to meet their contracts, they were inducing labor to leave the farms, so that we not only paid high wages to get the war contract job done, but the farmer, his wife and his children had to work doubly hard, faced with the uncertainty of making a profit.

I am sure the distinguished Senator from Oklahoma will recall that the cattle feeders from the Middle West came here in great numbers a few months ago and warned the Government. Judge Vinson was present and sat there for hours listening to them. They said, "There is more livestock, there are more cattle on the hoof today than we have ever had in our history, but we cannot put them in our feed lots at the price we must pay for the feeder calf if we want to realize a reasonable profit." One farmer, who had only one arm, said, "I am going to do my best, and I am willing to do it, if you let me realize a fair profit." That is the very thing we want to do.

I agree with the distinguished Senator from Oregon, the farmers of this country have lost faith in the Government's promise that "we will not change the rules." The OPA does change the rules. Those engaged in the restaurant

business are subject to it now. When they had only so much meat and so much sugar they rationed among themselves their own points, and set up little reserves. In came the OPA and canceled the points and made them take an inventory, and took away from them the benefit of the reserves they had tried to build up for special occasions, so that their restaurants might live.

I think the time has finally come when we have to write into law what the provisions are to be that will guarantee the farmers a reasonable profit, because now guns are not the only important things. We heard this morning from the Senator from Maryland [Mr. TYDINGS], who has just returned from the Philippines. He knows how important the food problem is there. Others of us have just come back from Europe, and we know that food is one of the most important things in the world right now. The farmers of America are ready and willing to produce. If the Congress will write into the law a provision so that bureaucratic bungling will stop changing the rules, there is a group which will produce the food for America and relieve suffering throughout the world.

Mr. THOMAS of Oklahoma. I thank the Senator.

Mr. MOORE. Mr. President, will my colleague yield?

Mr. THOMAS of Oklahoma. I am glad to yield to my colleague.

Mr. MOORE. I wish to submit one practical proposition and see what my colleague thinks about it. Yesterday I read into the Record a telegram from Harper County, Okla., which I assume stated the facts, that the people have more cattle than they have ever had before. That is true throughout the country, is it not?

Mr. THOMAS of Oklahoma. That is true.

Mr. MOORE. There are more cattle on the range.

Mr. THOMAS of Oklahoma. That is correct.

Mr. MOORE. My colleague knows, and every other Member of the Senate knows, that from now up to about October of this year many millions of cattle which would make good beef will be slaughtered from the grass. If they cannot be slaughtered, they have to go back to the ranches and back to the farms, and then become poor again and no longer fit for beef.

What sense is there in limiting slaughtering of cattle on the ranges in Oklahoma, and Texas, and other States where the cattle have gotten fat enough to make fairly good beef? Is not that a total waste, a serious mistake, and is it not unnecessarily denying beef to the people of the United States, and making no contribution at all to the enhancement of the quantity sent to foreign countries, or furnished the Army and Navy? Is it not just a total waste, and can it ever be replaced?

I know my colleague understands what I am talking about. Why would it not be proper, in that case, to take the limit off the slaughtering of grass cattle, and let the cattle producers slaughter what their

neighborhoods need? What harm could come of it? It might raise the price of beef temporarily, but I would rather pay a little more money and get some beef than have a low price and not be able to get any beef.

Mr. MORSE. Mr. President, will the senior Senator from Oklahoma yield so that I may ask his colleague a question?

Mr. THOMAS of Oklahoma. I yield.

Mr. MOORE. I shall be glad to answer if I can.

Mr. MORSE. On the basis of the Senator's knowledge of the beef cattle industry, does he agree with me that when beef cattle are ready for market and the OPA restrictions prevent their marketing, and they have to be turned back on the range, many million pounds of beef are lost by shrinkage?

Mr. MOORE. I most certainly do know that to be a fact. That is exactly what happens.

Mr. MORSE. Just as much a loss as though we took the equivalent number of cattle of that weight and destroyed them?

Mr. MOORE. That is exactly true, just as in the case of lambs in the Senator's section. There are lambs fit only for slaughter in the Senator's immediate locality. When slaughtering is not allowed, people go hungry amid plenty of meat.

Mr. MORSE. If the OPA so fixed the ration point system as to lift the points to meet the exigencies of seasonal loads, much meat would be saved, because the American people would buy it, would they not?

Mr. MOORE. That is correct.

Mr. MORSE. As I said yesterday, I say now to the Senator from Oklahoma, I think we must stress over and over again the answer to one fallacious argument of the OPA in regard to inflation as it relates to meat production. The money that is spent for the purchase of necessities of life does not increase the danger of inflation. The American people can use the beef and lamb which is now wasted because of the OPA's ration-point program based upon inflexibility. Modifying the ration-point system will be to the national good, and it does not follow that it will add to any inflationary spiral.

The only thing for which I am pleading—and I shall be through with this sentence—is that, as a Congress, we should insist at this time that OPA so adjust its procedures as to take into account these regional meat problems, and the realities of livestock production.

Mr. MOORE. If my colleague will yield one moment further—

Mr. THOMAS of Oklahoma. I yield.

Mr. MOORE. I wish to say that if we continue to limit the slaughtering of fat grass cattle, and they go back to the ranges, as we come into a period with the prospect of a very poor crop, many of those cattle will perish during the coming winter, and will be a total waste. Does my colleague agree with me in that?

Mr. THOMAS of Oklahoma. My colleague has correctly stated my viewpoint in that regard.

Mr. OVERTON. Mr. President, will the Senator from Oklahoma yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. OVERTON. The observation I am about to make is not to be considered by the distinguished Senator from Oklahoma as being in opposition to his amendment, but I wish to obtain some information as to its practical application.

As I understand, the OPA is to base the price on the cost to whoever sells, whether it be the cattle producer, in the case of cattle, or the feeder, or the processor, or the packing house. As I further understand the amendment he has offered the OPA is to determine, in the case of each person engaged in production or processing, what his costs are, and fix the price so as to assure him a profit. Is that correct? Or is the OPA to undertake to average in some way the costs in each case, the cost to the packer, the cost to the livestock producer, and the cost to the feeder?

Mr. THOMAS of Oklahoma. Mr. President, in answering the question of the Senator from Louisiana I will explain briefly what has happened to date. The OPA undertakes to analyze the costs of production and the selling costs over the entire period, let us say, of 1 year, on all the products the packers make. For example, some packers not only process hogs but they process cattle and lambs. Some packers slaughter and process only beef. Others slaughter and process only sheep, and others slaughter and process only hogs. So the present OPA policy is to consider the net income, if there be one, a packing plant derives from all its activities. The large packers engage in many activities in which the smaller packers do not engage. For example, the larger packers have many branches. Representatives of one packing concern came before the committee and testified that were it not for the profit made by the concern on its sporting goods manufacturing department, the packing plant could not be kept open. That simply shows that the concern is using the profits it makes from the manufacture and sale of sporting goods to defray the deficit incurred in its slaughtering operations.

Mr. OVERTON. I think I understand that. But this is a practical proposition. The OPA has to fix a price so as to insure above the costs a reasonable profit. The question I ask is this: How is the OPA to ascertain those costs?

Mr. THOMAS of Oklahoma. The OPA has a very elaborate questionnaire which it sends not only to packers but to everyone else engaged in business in which the OPA is interested. We have heard much complaint about such questionnaires in recent months. The OPA sends the questionnaires to all concerns in which it is interested, packers included, and when the questionnaires are filled out and returned, the OPA has a complete record of all the transactions of any concern, be it large or small.

Mr. OVERTON. Then the OPA will fix a price for a concern which has returned the questionnaire?

Mr. THOMAS of Oklahoma. The OPA has made the investigation and has fixed

the price. It is the contention of the slaughtering industry that the prices fixed have not been sufficiently high, that is, that the spread has not been sufficiently great, to enable the slaughterers and packers to buy the animals, process them, sell them, and get back their costs.

Mr. OVERTON. How long does the able Senator from Oklahoma think it will take the OPA to get a return from a questionnaire and to analyze the information thus desired from a multitude of slaughterers and packers so as to determine just what the costs are with respect to each processor?

Mr. THOMAS of Oklahoma. Mr. President, the OPA has all the information that is available. The OPA has been working on this subject for 2 or 3 years. The OPA has received voluminous reports from all federally inspected packing concerns. Of course the OPA does not have any connection with the black market operators. But the slaughtering houses, the packing houses, have already advised the OPA of every feature of their business and of every cost they incur in their operations.

Mr. President, this is the trouble: The OPA has fixed a selling price on the animal that comes from the farm or from the ranch. There is no particular complaint from the farmer that he is not receiving enough for his hog or his steer or his calf or his sheep. We do have complaints, however, from the feeders that they cannot take range cattle which are not quite ready for the market, and feed them out under the present expense of labor and of feed, and get back their money. So the evidence is conclusive to the mind of the members of our committee that the feeders, those who buy the animals from the farmers and from the ranchers and put them in the feed lot and do what they call feed them out, cannot continue to do so because they cannot make enough money in the operation.

Mr. OVERTON. I think I understand that.

Mr. THOMAS of Oklahoma. Let me make one further statement which I think will clear up the situation. The packers have a floor price which they are supposed to pay to the feeders or the farmers. Whatever that price is, they are supposed to pay it. Then they are supposed to have a ceiling above which they cannot charge for the processed commodity. Let us say they buy a steer and pay \$100 for it. They process the steer. Then the law limits them, by regulations issued, as to price for which they can sell each pound of the animal. The packers contend they are not allowed a sufficient spread between what they have to pay for the animal and what they receive for it to enable them to stay in business, and, as a result, in the city of Washington, every packing house is closed. Packing houses are closed in my State and they are closing daily throughout the United States.

Mr. OVERTON. I thoroughly understand that. Will there be a price fixed on each packer dependent on the cost of operations?

Mr. THOMAS of Oklahoma. No. The OPA groups them.

Mr. OVERTON. Is a price fixed for all packers?

Mr. THOMAS of Oklahoma. A price is fixed for all packers; that is correct.

Mr. OVERTON. Independent packers, the Big Four packers, and all other packers?

Mr. THOMAS of Oklahoma. The OPA groups them; but the ceiling is alike for all, and the subsidy is alike for all. The packers are grouped to some extent.

Mr. OVERTON. Action would be based on the information which the OPA already has?

Mr. THOMAS of Oklahoma. The OPA has all the information it can obtain. The OPA is receiving information daily, and all the time. The OPA, however, has plenty of information on which to establish the prices. The OPA has already established the prices, and has had them in existence for a long time past. The OPA has adjusted the prices three times this spring on the information it has.

Mr. OVERTON. I thank the Senator from Oklahoma.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. HICKENLOOPER. In connection with the question asked by the Senator from Louisiana I will state that it is my understanding of the amendment of the Senator from Oklahoma that it is not necessary at all for OPA to undertake to fix the individual packing price for each plant. The only thing OPA would have to do under the amendment would be to fix a price which was not below the cost of production, plus the margin in the base period. It seems to me that could very easily be done. As the Senator from Oklahoma pointed out a moment ago, OPA is now fixing prices on these same plants and on the processors of other agricultural commodities by regions and zones. OPA can do it under this amendment, as I see it, just as easily, but the difference is that the amendment proposed by the Senator from Oklahoma follows the traditional and time-honored American principle that people ought to be permitted, if they can, to make a profit; that the power of government should not be used to compel them to sell their goods or services below the cost of production.

As I view the amendment of the Senator from Oklahoma, it would be a comparatively simple thing to administer it, if OPA desired to make it simple, and it would probably be as encouraging a thing in the processing field of our economy as has happened during this war. It would establish confidence on the part of people who are now desperately trying to keep in business, and who look at the example of their neighbor who has gone out of business, with fear and trembling.

Mr. OVERTON. Mr. President, will the Senator from Oklahoma further yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. OVERTON. The reason I asked the question is that I apprehend that, if this price-fixing is to be done by OPA on information which it has to gather in the future, it might be months, it may be years before the OPA shall have accumulated the information, and it will require

the employment of thousands upon thousands of additional personnel to collect all the figures in order to fix the prices. Perhaps it will not be done until the war is over, and we have abolished OPA and forgotten all about it. That is the reason I want to know what would be the practical application of the Senator's amendment. I have not analyzed it, but the Senator advises me, as the Senator from Iowa just heard, that the OPA can take the information it already has and not have to make any further investigation. I think the amendment ought so to declare. Otherwise, OPA will send its agents into the field in order to obtain information, and it will take a very long time to obtain it.

Mr. THOMAS of Oklahoma. Let me assure the Senator from Louisiana that the OPA now has all the information that the brightest minds they can employ can secure, and that is all the information the packing houses have. The OPA now has the needed information. But it is getting additional information from day to day and from time to time as conditions change.

I desire to thank the distinguished Senator from Iowa [Mr. HICKENLOOPER] for his statement.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. ELLENDER. I should like to ask a few questions in respect to what the Senator from Oklahoma and other Senators have just been discussing. As I understand the amendment proposed to be included in the pending joint resolution, is it not a fact that every processor will have to be given a profit?

Mr. THOMAS of Oklahoma. Yes, Mr. President, and, further answering the question, let me say that in the promise made by Mr. Bowles in his 10-point program he says he will consider every slaughterer in the United States, and at the end of the year if any slaughterer in the United States can show that he has suffered a loss, he will make good such loss by a direct subsidy. So the OPA is going to consider every slaughterer in the United States. It is considering every slaughterer now.

Mr. ELLENDER. The Senator states that he intends to give to every processor a profit. Suppose that after an examination of the records of, let us say, five processors who produce the same kind of goods the cost of producing one article shall be found to be, let us say \$1 for one processor; for another 96 cents; for another 92 cents; for another 90 cents; and for still another 89 cents. How would the ceiling prices on the article be fixed.

Mr. THOMAS of Oklahoma. They would be fixed as they have been fixed in the past. At the present time the packing houses slaughter meat animals at different prices. In the cities in this country, under a free economy, one butcher shop may sell a cut of meat at one price, and another butcher shop, across the street, may sell the same cut of meat at a different price. That is not unusual.

Mr. ELLENDER. Under the terms of the Senator's amendment, if an article cost a processor \$1, and a 5-percent profit were allowed, that would mean that such

processor could sell at \$1.05; and the processor whose cost was 89 cents could sell for almost 94 cents. Is that true?

Mr. THOMAS of Oklahoma. The amendment seeks to guarantee the packing industry, the feeders of cattle, and the slaughterers of cattle, only sufficient money to enable them to pay the costs of operation and a reasonable profit in addition. Does the Senator take exception to the statement of that principle? Should they not have that much?

Mr. ELLENDER. I believe that a profit ought to be allowed to processors. The method of reaching that goal should be fixed according to prevailing and tried methods. It strikes me very forcibly that if the amendment of the Senator is adopted, it will simply mean that the price or ceiling fixed for the high-cost producer will become the ceiling price for the low-cost producer; and the man who produces an article at a cost of 89 cents as I pointed out a while ago, will be able to sell it for \$1.05, instead of almost 94 cents and thereby increase his profits tremendously, all of which would have to be borne by John Q. The only alternative would be to permit the establishment of different prices on the same article and thereby make ceiling prices ineffective.

Mr. THOMAS of Oklahoma. Let me give an illustration. I do not desire to be personal. The Senator from Louisiana has some of the finest land out-of-doors. His particular land is adapted to the production of potatoes. The Senator from Louisiana can produce potatoes on his Louisiana land probably at the minimum cost. Yet, in my State, which produces some potatoes, we cannot produce as many bushels per acre as can the Senator from Louisiana. In my State the taxes may be higher. Labor costs may be higher. The soil may not be so good. The yield per acre may not be so high. So in my State we could not compete with the low-cost production of potatoes on the Senator's farm in Louisiana. Yet there is no occasion for a different ceiling. The farmers in my State would not make as much money as would the Senator from Louisiana. I am sure he would not complain about that. That is an illustration.

Mr. ELLENDER. I understand; but suppose a ceiling were fixed so as to give the Oklahoma farmer a fair profit. Since I can produce potatoes on my farm more cheaply than can the Oklahoma farmer my profits would be far in excess of his profits. Would that not be true?

Mr. THOMAS of Oklahoma. That is exactly what has happened.

Mr. ELLENDER. Cannot the Senator see that if his amendment were adopted, and the situation which I have been discussing should occur, a ceiling price would be fixed on a commodity so as to give to the low-cost producer a price equal to the high-cost producer and thereby give opportunity for unconscionable profits. The only alternative as I have previously pointed out would be to have many prices in one locality on the same products.

Mr. THOMAS of Oklahoma. Certainly it would be manifestly unfair to use the costs of production of potatoes in Louisiana as a basis for fixing the ceiling

price of potatoes in my State and in other States where the land, perhaps, is not quite so good, where labor expenses are higher, and perhaps taxes are higher.

Mr. ELLENDER. As I understand, under the Senator's amendment the OPA would use my costs in fixing a certain price. Then it would use the Senator's costs in Oklahoma as a basis for fixing a price for potatoes in Oklahoma. It would take the costs in Idaho as a basis for fixing the price of Idaho potatoes. That would mean that a certain price would be fixed on the potatoes which I produce; another price on the potatoes produced in the Senator's State; and still another price on potatoes produced in Idaho or in other States. The system of price ceilings would simply be shot to pieces and unworkable. I give this illustration because the Senator used potatoes as an example. As I pointed out the Senator's amendment does not affect prices of farm products.

Mr. THOMAS of Oklahoma. That is exactly the policy now being followed by OPA. I hold in my hand the regulations affecting the poultry industry in the United States. Under those regulations there are 51,840 possible prices on poultry products in the United States. Let me explain how that comes about. For example, on one page of the rules and regulations we find a list. No. 1 on the list is broilers, fryers, and roasters. There is a price ceiling on them.

Mr. ELLENDER. Under those ceiling prices everyone gets the same price.

Mr. THOMAS of Oklahoma. In that area.

Mr. ELLENDER. That is correct.

Mr. THOMAS of Oklahoma. There are a great number of areas.

Mr. ELLENDER. That is true.

Mr. THOMAS of Oklahoma. They get the same price in that area. Undoubtedly all the potato growers in the area surrounding the Senator's farm in Louisiana have the same kind of ground, the same labor costs, and the same taxes. Therefore, presumably they can all produce at about the same costs of production. So the potato growers in that section can be grouped, and prices can be fixed, just as prices are fixed on poultry.

Mr. ELLENDER. On my farm this year my average was about 225 bushels to the acre, whereas some of my neighbors raised about 110 bushels to the acre. The Senator can imagine how much more profit I would have made on my potato crop if the basis of ceiling prices had been made on the cost of production of 110 bushels an acre instead of 225 bushels. I would have probably increased my profits by 30 or 40 percent.

The other alternative would be that I would have to sell my potatoes to the distributor at a lower price than that received by the high-cost producer. The distributor would doubtless sell on a basis of his highest cost, as it would be impossible to differentiate the potatoes produced by me and those of my neighbor.

Mr. THOMAS of Oklahoma. Let me complete this reference before I yield further. I was answering the question of the Senator from Louisiana.

I wish to place before the Senate the plan of OPA in handling poultry prices.

As I explained a moment ago, a price is established for each section of the United States. The OPA can divide the country into as many sections as it desires. In a certain area a certain price is placed on broilers, fryers, and roasters.

The second item in the list is light capons. A different ceiling price is fixed on light capons.

The third item in the list is heavy capons, which take a different ceiling price.

The fourth item comes under the heading of "Fowl," which includes all groups of poultry.

The fifth item is stags and old roosters.

The sixth item on the list is geese.

The seventh item is young turkeys.

The eighth item is old turkeys.

In that way poultry products are broken down into groups. But that is not all, Mr. President. The United States is divided into areas, and separate ceiling prices are fixed on each of the groups of birds—chickens, geese, ducks, turkeys, and so forth.

The next division is processed poultry. The items which I have just read are in the group of live poultry. Different ceiling prices are fixed on the various subdivisions under the head of live poultry. On processed poultry different ceiling prices are fixed on the same products, namely, broilers, fryers, and roasters; light capons, heavy capons, fowl, stags and old roosters, geese, young turkeys, and so forth. In this category young turkeys are broken down into three classifications, namely, light, medium, and heavy. The same applies to old turkeys. There are two classes of poultry—first, live poultry; and second, dressed poultry.

The third category includes ceiling prices on kosher processed poultry. There are different ceiling prices on the various classifications of kosher processed poultry. The price ceilings on kosher processed poultry are different from those on live poultry and processed poultry.

Then the United States is divided into areas, and a different price can be fixed on each of these grades in the various areas of the United States, to such extent that it is possible to have more than 51,000 ceiling prices on poultry.

Mr. OVERTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. McMAHON in the chair). Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. OVERTON. Since I asked the Senator from Oklahoma for an explanation of his amendment I have seen a printed copy of it. I presume this is the one which he has offered. Let me read it:

Provided further, That on and after the date of the enactment of this proviso, it shall be unlawful to establish or maintain against any processor a maximum price for any major product (applied separately to each major item in the case of products made in whole or major part from cotton or cotton yarn) resulting from the processing of any agricultural commodity, or maximum prices for the products of any species of livestock (such as cattle, hogs, or sheep) (the products of each species of livestock to be taken as a group in establishing or maintaining such maximum prices) which does or do not equal

all costs and expenses (including all overhead, administrative, and selling expenses allowed as expense deductions in computing Federal income and excess-profits tax liability) incurred in the acquisition of the commodity or species of livestock and in the production and distribution of such product or products plus a reasonable profit thereon, not less than the profit earned thereon by such processor during a representative base period.

Therefore, every one of them would have to be taken up individually.

Mr. ELLENDER. That is correct.

Mr. OVERTON. Under this amendment, as I interpret it, their cost of production must be determined, and then a reasonable profit added to it, in the case of each processor. That is what the OPA would have to do. It seems to me that would be an interminable job.

Mr. THOMAS of Oklahoma. Mr. President, does the Senator object to that policy?

Mr. OVERTON. I certainly do object to it, because administratively it is bad. Please understand that I do not object to having processors and producers make profits, but I do object to foisting upon the OPA what I think, after reading the Senator's amendment, would be administratively an utter impossibility.

Mr. THOMAS of Oklahoma. Mr. President—

Mr. ELLENDER. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I will yield in a moment. First, let me say that recently when the producers of milk were in distress, they made application to the OPA for adjustment of the ceiling prices. The OPA said, "It is impossible. We cannot apply a subsidy to the milk industry. It is impossible of operation." But after the clamor became so intense, the OPA divided the country into areas and it provided a milk subsidy which is now working well. If it can be done for milk and for poultry, why can it not be done for the meat industry and the other industries of the country which deal with farm commodities?

Mr. OVERTON. Mr. President, that is just the point. It is not necessary for the OPA to examine each producer's books to ascertain the cost of production, in order to grant a subsidy. The Senator's amendment, however, does not call for the ascertainment of an average price, to be determined by records which are now in existence and before the OPA; but the amendment would require the OPA to ascertain the cost of production of each and every processor and to add to each processor's cost a reasonable profit, to be determined by the OPA, for such individual processor.

Mr. THOMAS of Oklahoma. Mr. President, take, for example, the production of an airplane which costs \$1,000,000 or \$5,000,000, as the case may be. There are in that airplane not only thousands of separate items, but there are in it, involved in its construction, literally tens of thousands and even hundreds of thousands of separate items, all of which are required to make up a modern airplane. Many of them may be small items, such as rivets, but they are there. Does the Senator presume to tell the Senate that he does not believe that those

who make the rivets and other parts for airplanes do not deserve a profit, and, second, that they are not getting a profit?

Mr. OVERTON. I did not say that.

Mr. THOMAS of Oklahoma. Certainly the Senator did not, and no one could believe it if he should say it. No one could honestly believe, in my opinion, that we could expect the manufacturers of tanks, planes, trucks, rifles, cannon, and the thousands of other items needed for the war to manufacture them at a loss. They are not producing them at a loss—at least, I have not heard of any. Every camp built in the country, except a very few, which were built on the basis of advertisements for bids and the awarding of contracts, has been built on the basis of cost plus a fixed fee.

Mr. OVERTON. But that is a contractual relationship between the Government and a particular manufacturer. Furthermore, the fact is ascertained after the event, so that long after the product has been manufactured the books are examined and a determination is made whether an excessive profit has been made.

But that is not this amendment. Under this amendment the OPA must decide in time, in order for it to be of value to the packer and the feeder, just what his price is going to be on his particular product. In order to do that the OPA would have to go through a long, detailed examination of the individual's books, to determine what his operating costs are.

Mr. THOMAS of Oklahoma. The OPA has that information now; it is now available. Full information is available.

Mr. OVERTON. Mr. President, if the Senator from Oklahoma will pardon me, let me say that, of course, I have not thought it through, but I should like to say that if his amendment would provide for the ascertainment of the average costs, according to the records now in the hands of the OPA, it seems to me that would be a practical proposition. It might not be the right thing, but it would be a practical proposition.

Mr. THOMAS of Oklahoma. Would the Senator from Louisiana suggest that remedy for the manufacturers of tanks, trucks, planes, guns, ammunition, carriages, uniforms, and shoes for our soldiers, when they have to have them, and have to have them immediately? Of course the Senator would not make that suggestion, namely, that the OPA ascertain the average price at which all manufacturers could make rifles, the average price at which all manufacturers could make shoes, or the average price at which all manufacturers could make shells. Of course that is not done. We must have those articles; we must have them produced. Otherwise such steps would not be necessary.

Mr. President, the amendment not only applies to meat, but it applies to cotton goods. The Senator from Louisiana comes from a great cotton-producing State. Does he not desire that Louisiana farmers who raise cotton shall have the parity price reflected to them, when they sell their cotton, in the price of the goods which the spinners make and sell to the trade?

Mr. ELLENDER. Mr. President, will the Senator yield at that point?

Mr. THOMAS of Oklahoma. I yield.

Mr. ELLENDER. Will the Senator point out any paragraph or sentence in the pending amendment which will in any wise help the farmer? All I see written in the amendment is a provision to help the processors. If I understand the amendment, it means that practically everything the farmer will buy will go up in price, but as to what he produces he is not afforded protection. Am I right or am I wrong? I would like to have a specific answer to my question from the Senator.

Mr. THOMAS of Oklahoma. Mr. President, the view which the Senator from Louisiana has expressed is not new; he made a similar statement in the committee, time after time. As each witness came before the committee, the Senator repeated that statement. I know that is his position. I do not take exception to his right to take that position, but I think he is wrong. Everyone else has been protected under the law. Mr. President, what industry is there in this country that is not protected by the law? Take the bankers, for example. What laws have they to protect them? They have every law they can think of. Consider the railroads. What laws have they to protect them? They have every law they can think of, and they even have a special commission to determine their rates. Consider the electric power companies. What laws do they have to protect them? There is in every State a commission before which the electric generating companies can go, produce their cost sheets, and show what it costs them to manufacture electricity. As a result of such showings, the public regulatory bodies in the several States prescribe the rates which such companies can charge for their electricity when it is sold to consumers. They receive the benefit of that protection; they are guaranteed that. There is not an organized industry in America that does not have all the law it needs to protect its prices.

But now we are considering the farmers of America—formerly 32,000,000 of them, although now, because of conditions, only 25,000,000 are left. In the past few years 7,000,000 of our citizens have left the farms. Why has that happened? It has happened because they have not been able to make a living on the farms. In my section of the country, the center of the Wheat Belt, the bread basket of America, a large percentage of the farm population has gone to other States. A while ago my colleague stated that in northern Oklahoma—one gigantic wheat field; in county after county in my State practically every acre is planted to wheat—there is, this year, the best wheat crop which has ever been had in all its history. The wheat crop is now ready for the harvest, but because the farm boys have been taken for the armed forces and because other men have been taken for work in defense plants, 25 percent of the population of those counties has left. In order to harvest the wheat crop, sufficient workers must be brought back into those counties, or the crop will not be harvested.

What is the situation there? In my section of the country there are plenty of cattle and plenty of slaughterhouses, but the slaughterhouses cannot kill the cattle and the butcher shops and restaurants cannot get meat from the meat packers. That situation exists both in my section of the country and in the region in the vicinity of Washington, the Capital of the Nation. The small packers cannot kill the cattle and hogs. Therefore, the restaurants are without meat; the hotels are without meat; the farmers are without meat. They cannot get it. In order to feed the harvest hands who will be necessary if the crops are to be harvested, the farmers must have some meat. If they do not have meat they will get no harvest hands.

So, Mr. President, I join in the alarm expressed by my colleague, the junior Senator from Oklahoma [Mr. Moore] who has told the Senate that things are in bad shape in the Wheat Belt in our State.

It will be only a short time before the harvesting in this Wheat Belt will move north to Kansas, and from Kansas it will move into Nebraska. From Nebraska it will move into Iowa, and north into North Dakota and South Dakota. If the same condition prevails in those States which prevails at the present time in Oklahoma, how will the gigantic wheat crop be harvested? If it is not harvested what is to be the effect on the supply of wheat? Last year the wheat was piled up in the fields and much of it deteriorated in quality if it did not spoil altogether. The same thing was true with regard to corn.

Mr. President, I believe I have covered the subject sufficiently.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. ELLENDER. If the amendment were adopted, I am sure the Senator will admit that it would be necessary for the OPA to investigate the cost of every article produced by every processor.

Mr. THOMAS of Oklahoma. The OPA has already done so. It is doing it every day. It has thousands of men employed for the specific purpose of making such investigations, and the men are being paid as much as \$8,000 and \$10,000 a year for their services.

Mr. ELLENDER. Under the Senator's amendment the books of every processor will have to be examined and I—

Mr. THOMAS of Oklahoma. Does the Senator object to that?

Mr. ELLENDER. I may not object; but it would require perhaps 5 or 6 years in which to accomplish such a task, and only God knows how many employees it would require in order to perform the work.

Mr. THOMAS of Oklahoma. Only where a complaint has been registered against the OPA has there been any trouble. At the present time the OPA has in effect ceiling prices on practically every commodity and article in the United States. Have complaints been registered about everything? There have been no complaints from the farmers with regard to the price they receive for hogs, steers, or sheep.

Mr. ELLENDER. I grant that; but under the amendment of the Senator, as I understand it, the OPA would have to examine the books of every processor, and then give him a profit on every product he processes, or else be in violation of the law. The amendment provides that after its enactment, "It shall be unlawful to establish or maintain against any processor a maximum price for any major product—that does not give him a profit," and so forth. Until an examination has been made by the OPA as to costs and allowing a profit, at what prices will processors dispose of their commodities? What will be the gage or the yardstick to be adopted in fixing prices, pending the determination of costs and a fair profit?

Mr. THOMAS of Oklahoma. How do they dispose of their commodities at the present time? In my State thousands upon thousands of range cattle are now on the ranges. They cannot be sold. The cattle are not ready for the big markets. They will not make AA, A, or even B meat because they are not fat enough. They are range cattle. People in the country will eat them for the want of something better, but they are not salable on the big markets, and the various packing companies will not buy them.

Mr. ELLENDER. The amendment would not affect that situation at all, as farmers are not protected under the amendment.

Mr. THOMAS of Oklahoma. It would help the farmers.

Mr. ELLENDER. No; on the contrary, it would put a greater burden upon them. Wherein would the amendment in any way help the farmer? I wish the Senator would answer that question specifically.

Mr. THOMAS of Oklahoma. If the amendment becomes law and the OPA abides by the law—those are two contingencies—the farmer will be guaranteed that whatever he produces will return to him a profit. A ceiling will be established for the farmer and a floor for the packer.

Mr. ELLENDER. The proposal would establish profits for all processors only, and the farmer is not in any way protected. If anything, as I pointed out a while ago, he will be further burdened.

Mr. THOMAS of Oklahoma. Many pages of three columns each, of fine print, have been required to outline the rules and regulations respecting poultry alone. We cannot now go into much of that data. It would be as big as a dictionary and no doubt larger. I believe that at the present time the OPA has 16 volumes of rules and regulations which are approximately the size of the sheet which I now exhibit to the Senate. If placed on one another the sheets would make a pile approximately 30 inches high. That many rules and regulations have been required in order to establish hundreds of thousands of ceilings which are now in existence with respect to various commodities throughout the country. If this measure becomes law it will guide the OPA in its functions, providing that agency wants to be fair to the farmer.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TAFT. I suggest to the Senator from Louisiana, if he thinks that the amendment will require a too-detailed examination of every processor, that in respect to many commodities today the price has been fixed so low that the OPA has had to make individual adjustments. The OPA has made a regular practice of encouraging individuals to come to it, present their individual costs, and receive a price different from that which the industry in general has been receiving.

When I talked recently to one of the high officials of the OPA concerning the new pricing of products such as automobiles, and refrigerators, which have not yet been put into production, it was made clear that the OPA is expecting to take a price such as a 1942 price, and fix it so low that it will be necessary to consider thousands of individual applications in order to fix a proper price for the particular manufacturer involved. So the claim that the pending proposal would be too complicated seems to me to be wholly unjustified. Unfortunately, the OPA is engaged in thousands of examinations of the kind under consideration, but I do not believe that it lies in its mind to contend that this particular amendment cannot be put into effect.

Mr. THOMAS of Oklahoma. I thank the Senator for his statement.

Will the Senator from Ohio give an estimate of the number of contracts which the Government has entered into for the production of war supplies?

Mr. TAFT. I believe that I have been told that it is in the neighborhood of 3,000,000. That was some time ago, however. I think it was more than a year ago, or when we were considering the Renegotiation Act.

Mr. THOMAS of Oklahoma. Mr. President, the present law provides that the Government may make an investigation into each of the millions of contracts which have been entered into for the production of war supplies. If the Government does its duty it must make the examination in order to ascertain whether or not the contractor has made an unreasonable profit. So, the argument which the Senator from Louisiana has made is not tenable.

Mr. DONNELL and Mr. ELLENDER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Oklahoma yield, and if so, to whom?

Mr. THOMAS of Oklahoma. I yield first to the Senator from Missouri.

Mr. DONNELL. I should like first to state that I am very much in sympathy with the purposes of the amendment. I am not quite clear, however, with respect to certain points raised by the two Senators from Louisiana, and I should like to ask the Senator from Oklahoma a question. Is it the intention of the Senator from Oklahoma, by his amendment, to have different ceiling prices for the same commodity in the same area? Take, for example, the city of St. Louis.

Mr. THOMAS of Oklahoma. No; it is not the intention.

Mr. DONNELL. Allow me to illustrate my difficulty. I shall appreciate the courtesy of the Senator from Oklahoma if he will give me his views.

Suppose there are in St. Louis three packing companies which have been devoting themselves entirely to the processing of cattle. There is A packing company, which made on its sales of \$5,000,000 a total of \$50,000; there is B packing company which, on the basis of the same volume of sales, made \$100,000; and there is also C packing company which, on the same basis of sales, made a profit of \$150,000. As I understand the amendment, it would be necessary in that case, as against C packing company, which made the largest profits, not to impose a ceiling price less than that which would equal the combination of the costs as defined in the amendment plus the profits of that particular company. As against C packing company the maximum price which would be possible would be much higher than in the case of A company. Is that to be the situation under the amendment?

Mr. THOMAS of Oklahoma. No doubt that is the fact. The packing plants which have been operated in the city of St. Louis, for example, have not all made the same degree of profits. Some companies are more efficient than others, and therefore they make more money. There is no doubt about that. But if one company makes more money than another company, income taxes or renegotiation will offset the extra profit.

Mr. DONNELL. But, as I see it, under this amendment while as to C company a certain ceiling price would be possible, as to B company a smaller ceiling price must be fixed, and against the third company even a smaller ceiling price.

As I stated at the outset, I am in sympathy with the purpose of the amendment, but it strikes me that it is subject to the vice which has been suggested by both Senators from Louisiana, namely, that it undertakes to go into each separate company and find out its costs. As I see it—probably I am wrong, and, if so, I should like to be corrected—the theory which underlies the amendment and which it is proposed to carry out, though I fear it will not be done for the reason indicated, is that it shall be unlawful to prescribe a maximum price for the products of any species of livestock, as, for illustration, cattle, in a given area which does not equal the average cost of such products plus the average profit prevailing in the industry. Therefore, it occurs to me that this amendment would be much clearer and much more accurate and probably be subject to much less objection, if framed along the lines I have indicated, namely, to make it a matter of prescription that the maximum price for all products of any species in a particular area shall be the average cost of the product plus the average profit. Otherwise, as I see it, the amendment very clearly produces a separate ceiling price for each and every individual processor. Am I not correct?

Mr. THOMAS of Oklahoma. Let me say to the Senator from Missouri that if the Congress should follow his formula and fix the average price, that would mean that the average price would be

the mean of the cost of the little packer, the inefficient packer, the large packer, and the efficient packer, and all those in between. The average price would be halfway, so that if we were to allow them the average price, those below the average price would soon be in bankruptcy because they could not live. Below the average would be below the price at which they could live, and they would have to quit, and that is what they are now doing.

Mr. DONNELL. As I see the amendment, while it is not what the Senator intends that it should do, it permits the possibility in the illustration I gave of separate ceiling prices for the same commodity in the same area. That I do not think is what the Senator intends. To my mind, however, there is real merit in the contention which has been made by both Senators from Louisiana. I say again I am in sympathy with the purpose of the amendment, and I should like to see it so stated as to relieve it of the objections they have made.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Iowa?

Mr. THOMAS of Oklahoma. I yield.

Mr. HICKENLOOPER. With reference to the points raised by the Senator from Missouri, I think that the argument on the question of individual prices for each processor, while sounding plausible as an argument against the amendment on the part of those who originally advanced it—and I am not referring to the distinguished Senators who have spoken because I have heard before in other places exactly the same argument against this amendment—is in the nature of a red herring drawn across the trail in an effort to defeat this amendment.

The fact is that the OPA could today, I believe, establish individual ceilings, and they are doing it in the case of individual adjustments all over the country, affecting various products. They have that power today. The power to do that is not, as I see it, extended by the Senator's amendment any more than it exists at this time.

The place where I believe we are failing to properly analyse this amendment, in the light of these criticisms of individual business price fixing, is this, that it is not necessary for the OPA under the Senator's amendment to fix individual ceilings on a business. The OPA can fix a ceiling that is general in an area; if they care to let an efficient fellow make a little more money. That is the American system; that is what built our industry and business. If one man can make more money doing the same thing than another perhaps he becomes successful.

I have become rather disturbed about the theories which have been announced in the last few months in committee meetings by bureaucrats and others that they must minutely and intimately regulate the profits of the American people to the point where, I believe, some of them think it is a sin and a moral crime for an individual to make a profit. If an area has for instance three packing plants, each selling the same volume, but one making \$50,000, another \$100,-

000, and another \$150,000, it means that two of them, at least in that proportion, are more efficient, better businessmen, and are taking advantage of the American system more than the third man is. I see no reason why the price should not be fixed so that those of various efficiencies can operate and use their genius in wartime just as well as in peacetime.

The point is that the OPA was set up to keep prices from running away into a wildly extravagant spiral upward and OPA can do it under this amendment just as well as under the law that now exists, but this will give to businessmen full and real assurance that their Government is not going to destroy their economy by compelling them to sell at a loss, as countless businesses are doing today in this country. I have files full of evidence, letters from business people who are facing bankruptcy today because they are small operators and cannot operate with the efficiency and economy of the large operators and have not equal facilities for distribution. We must never forget that it is the little fellow in business today, the small operator, who keeps the American economy free, and if the time ever comes when through price-control policies, we squeeze the little fellow out and concentrate our economy into the hands of a few large industries or businesses, then we will be heading down a road which most of us, based upon our experience in the past at least, will not recognize.

Mr. THOMAS of Oklahoma. I thank the Senator from Iowa. Let me answer further the inquiry submitted by the Senator from Missouri [Mr. DONNELL]. I am not afraid of reports of people making money. I do not think the Senate should be afraid of reports that people are making money. We face a \$300,000,000,000 war debt. At 2½-percent interest it will take \$7,500,000,000 to meet the interest bill on \$300,000,000,000 of national indebtedness. That is item No. 1.

The people of this country must work and make money. If they do not, they cannot pay the taxes. They must work and make money sufficient to pay their share of all forms of taxation, not only Federal but State, county, municipal, district, and so forth.

Now, Mr. President, one item stares the people in the face, namely a seven-and-a-half-billion dollar bill for interest. That is only a starter. We are going to have to maintain a large Army and a large Navy and a large Air Corps after the war is over. Practically two or three million men must be retained. The maintenance and upkeep of such an Army is going to impose a gigantic burden. It will cost at least \$5,000,000,000 a year for the first few years at least. Add the \$7,500,000,000 interest charge and the \$5,000,000,000 for the support of the Military Establishment, and we find an expenditure of \$12,500,000,000 for those two items. We must raise \$12,500,000,000 in taxes in order to meet the interest on the national debt and support the Army and the Navy and the Air Force. But that is not all.

When this war is over there will have been 15,000,000 men and women who have served in the armed forces. Relatives of those who have been killed are

now getting payments under insurance policies totaling \$10,000 for each policy. Those who come back maimed must be hospitalized until they are cured, if they can be cured. That will constitute an enormous expense. We must rehabilitate these boys when they come back; that will be an enormous expense. We must make them loans when they come back; that will be another enormous expense. We must educate the youngsters who want to go to school when they return, and that will be another enormous expense. So hospitalization, rehabilitation, training, and educating 15,000,000 soldiers will run into billions of dollars each year. Add that to the \$12,500,000,000. It cannot be said that the sum will be less than \$15,000,000,000 in toto, just as the result of the war.

Mr. President, that is not all. We had a war 25 years ago, and we are now paying on the indebtedness caused by that war. Not all the millions of the boys engaged in that war receive pensions, but hundreds of thousands of them do. Others are being rehabilitated, and as the boys of World War I grow older, they will go on the pension rolls, and that expense must be added to the fifteen billion.

Then, Mr. President, we have not taken into account the running expenses of the Government. It is my prophecy that those who remain in the Senate for some time to come—and I hope many of my colleagues will—will in the near future see the time when we will not be able to reduce the annual budget below \$25,000,000,000 a year, to be met by Federal taxes. That does not include county taxes, State taxes, city taxes, or district taxes. Those are all in addition to the \$25,000,000,000.

If people are not allowed to make money, how are we to meet these bills? I am not afraid of the people making a little money. I hope they will, and the sooner they are permitted to make a little money, the sooner they can begin to reduce the national debt.

Mr. President, I have taken more time than I had intended to take, and I surrender the floor.

Mr. BUCK. Mr. President, I am personally convinced that the life of the Office of Price Administration must be continued, but that there should be certain modifications in the law. Not only is it necessary, as a wartime agency, for the duration of our present war with Japan, but it is necessary for a successful reconversion program. I quote the minority views accompanying Senate Joint Resolution No. 30, of which I am a signer:

We do not oppose, in fact we recommend, that the program of price control be temporarily continued, but in the interests of a developing American economy, encouragement for the employment of more labor, the expansion of production and business, and a high national income in this country, we believe certain corrections in the law are necessary.

In order to employ the millions of men who are and will be discharged from the armed services in the coming months, jobs must be available at salaries which can meet the prices of the necessities of livelihood. These jobs cannot be created

by government, for government itself creates no wealth. These jobs must be created by private business, large and small.

But what is necessary to assure such jobs? First of all, a demand for the products to be produced. That demand is already showing itself in every line, so I doubt if that will be a worry, unless it is not filled. Second, the products must sell at prices which will meet the costs of production, including wages, and give a reasonable return to the owners.

The Office of Price Administration must play an important role in this program. But I am saying now that unless a more intelligent attitude is adopted by the OPA, harm and destruction will be brought upon our postwar business picture.

It is true that retail prices should not be allowed to soar during a time when money is cheap and plentiful to many, based purely on what a seller may get for his product. But neither must those prices be set by Government or anyone else at a level whereby a reasonable return is not realized to the management. Only when such a return is assured will business expand, take risks on the future, and employ to the fullest extent. And that reasonable return cannot be figured on the cost of production of 3 or 4 years ago. It must be figured on the basis of costs today.

I quote from the OPA press release of May 11, 1945:

If a reconverted industry requests us to re-examine its prices, we will start with its cost prices in the last period of normal production, usually 1941 or some part of it. We will take those costs and adjust them upward for two factors: (1) Lawful increases in materials and parts prices, and (2) lawful increases up to this time in basic wage rate schedules of factory workers. To the 1941 costs so adjusted, we will add in place of the 1941 profit margins the more nearly representative peacetime margin received in 1936-1939.

Our belief is that there will be few instances in which increases in retail prices above 1942 levels will be necessary, and that in such instances the size of the increases will be relatively small.

I cannot conceive of anyone ignoring the actual facts as they exist today. To every businessman, large and small, labor costs have risen since 1942, and if the wages and salaries of labor are to be maintained near their present levels, it is only logical that prices must be adjusted accordingly. But in addition to that, replacement of outworn equipment, deteriorated by hard wartime use, is necessary in a great majority of plants, and must be allowed for and met. This factor will be much greater than the ordinary replacement which was necessary on a year to year basis during peacetime years. Efficient production cannot be expected with broken-down equipment.

It is, therefore, my conviction that, if the policy announced by the OPA for the reconversion period is not altered by a more intelligent understanding and approach than heretofore announced, only chaos will result.

Upon that basis I am inclined to favor the Taft and Thomas amendments proposed to the existing act, not as a means

of curtailing the activities of the OPA, but as a means of defining the intent of Congress as to reconversion policies. I believe that the policy expressed in these two amendments is sound from a business point of view in that it will allow a sound price structure, which will in turn insure maximum employment for all our people.

One word concerning the 1-year extension of the Price Control and Stabilization Act. It seems to me necessary that the controls existing under these acts, intelligently administered, shall continue until the supply of consumers' goods approaches near to the demand for them. During the war years we have departed far from the natural law of supply and demand. In order to get back under that rule and yet avoid catastrophe, certain guide posts must be set up in that direction. If properly administered, the existing acts may serve as those guide posts.

Do not misunderstand me on this point. I will be the first one to demand the abolition of these controls when we reach a point when our established economic rules may again take over at a minimum of hardship to the people and the country. But I do believe that 1 year's time will be needed for this process, and in some fields even more time will be necessary. Congress, however, may exert its authority at any time prior to that date in curbing or altering the law.

Many believe that shorter extension of time would force the OPA to be more responsive to congressional direction. I cannot subscribe to that view. Rather I would see Congress write definite restrictions and statements of policy in the act itself, and then stand guard to change or alter the act from time to time as it seems necessary. That to me is sound legislative policy.

If my reasoning is correct, the extension of the present acts, with the suggested modifications, will provide jobs and purchasing power for returning war veterans and all other workers, and start us down the road to an era of stable postwar economy.

Mr. TAFT. Mr. President, I rise on behalf of the Thomas amendment and an amendment which I myself shall offer after the Thomas amendment shall have been voted on. I may say that the two amendments overlap to a certain extent, and if the Thomas amendment shall be agreed to, I shall then modify my amendment so that it will apply only to non-agricultural products, so that there will be no conflict in the principle of dealing with agricultural products.

I may say, however, that, roughly speaking, the two amendments seek the same objective. They seek to make sure that a maximum price shall not be so fixed that a processor or manufacturer will be unable to recover his costs plus a reasonable profit, if he is a typical member of the industry.

Mr. President, I have supported the OPA for the last 4 years. I assisted in drafting the original Price Control Act of 1942. I worked with the then Senator from Michigan, Mr. Brown, in securing the passage of the bill and the enactment of the law by the Congress.

The act, however, did not contemplate the policy which is now in effect, and a reading of it will show very clearly that it did not. Mr. Henderson's testimony before the committee at the time of the original hearings, expressing his intention as to price control, was entirely different from what has actually occurred.

The original Price Control Act of 1942 contemplated a reasonable and limited control of a certain number of basic products. Mr. Henderson so intended. It was not intended to extend it to most of the luxury items and to all the minor products to which it has been extended. At that time I do not think we had the slightest idea it was to be used to control prices on goods sold to the Army and the Navy, as since has been done. The Army and Navy were supposed to look after that matter themselves.

But shortly after the act was passed Mr. Henderson changed his mind as to the kind of price control we ought to have. He went to Canada, which had a price freeze, and he came back with the idea that he must issue a general national price regulation fixing the prices, and he did so in the spring of 1942. It was not very effective, and in the fall of 1942 the President demanded additional powers, and the stabilization act was passed. In the stabilization act Congress gave countenance to the new theory which was not contained in the original act, that the President, if he so desired, might adopt the freeze policy. Even under that act, however, prompt action was not taken, and it may be said that the present policy dates from May 1, 1943, 2 years ago, when finally the general freeze-price policy was put into effect, with a roll-back of meat prices and various other prices, and the adoption of a subsidy program. So, the question we have to consider now is the wisdom of the policy which has been pursued for the past 2 years, and most of the comparisons I make in the price and wage fields cover this period of 2 years.

During that period the OPA claims to have been universally successful in preventing inflation, because the cost of living index in those 2 years has gone up only 1½ percent. The cost of food, I think, has gone up somewhat more than that, possibly 3 or 4 percent, but in general the cost of living index has been held to 1½ or 2 percent. That has been questioned somewhat because a good many products which are on the cost of living index apparently are not available, and people are paying more in the black market for meat and are buying higher priced cotton goods because they are unable to get those which appear in the cost of living index. However, so far as holding the retail price is concerned the OPA has done a very good job.

Unfortunately, however, I think it is still true that you cannot freeze retail prices because the OPA has not been able to freeze costs and other prices. The Stabilization Act of 1942 extended the power to wages, for instance, and whereas prices have gone up only 1½ percent in the cost of living index, the wages in this country have gone up more than 10 percent in the 2 years. Furthermore, the price of agricultural products at

wholesale has gone up 10 percent. That is fixed, roughly speaking, by the parity price, and the parity price on wheat, for instance, in the 2 years, has gone up about 9 percent. The parity price of corn has gone up 10 percent. The parity price of cotton has gone up 90 percent. The parity price of burley tobacco has gone up about 12 percent. The parity price of hogs has gone up about 10 percent, of beef cattle 9 percent, of wool 10 percent. Those are the parity prices which have moved up automatically, and therefore they have automatically moved up the maximum price at wholesale on those products.

In addition to that, in the whole field of wood, wood pulp and lumber prices have gone up a good deal more than 10 percent, because it has simply been impossible to get men to go into the woods and bring out that material at anything like the wages they were originally paid, so they have had to be paid more.

Consequently what has happened in this freeze is that while the cost of living has been held almost stable, all the costs of manufacture have gone up 10 or 12 percent during that period.

The way the OPA has held the price level at the cost of living index level is simply by making the manufacturers and the distributors absorb the difference in cost. To some extent they have been able to do so. In fact, some of them have been able to do so. In the meat field they were wholly unable to do so. I might add that the price would have gone up another 1½ or 2 percent if we had not undertaken the subsidy policy, and if we were not now spending \$1,500,000,000 of the taxpayers' money to keep prices from going up another 1½ percent. Personally I think it would have been better if the price had gone up 1½ percent, and thus had saved \$1,500,000,000 a year to the American taxpayers.

In any event, with that subsidy the ordinary manufacturer and processor is faced with the fact that he must sell his goods at the same price at which he originally had to sell them, though his costs are at least 10 percent higher. In individual cases the costs are more, and in some cases, of course, the costs are less. In some cases industry has been able to make up the difference by an increased volume of production. In other cases industry cannot make up the difference by an increased volume. In certain cases, such, for example, as that of the large packers, where a number of different products are manufactured, the loss on one commodity can be made up in producing other commodities. But the individual who handles a product which is squeezed in a position where he loses money, and must go out of business unless he has enough capital to absorb the loss.

On the general question of price level and inflation, I think it is perhaps interesting to note that since the 1st of January 1941, which is usually taken as the starting point, because there was not any great increase before that time—for a number of years there was a slight increase, but substantially prices have been level—wages, that is, gross weekly wages, take-home pay, have gone up from approximately \$26.40 to \$47, or an increase

of about 80 percent. Gross hourly wages, that is, the average wage paid per hour, taking into account overtime, which is the figure that goes into the manufacturer's cost sheets, have gone up 52½ percent, from 100 to 152½. In straight hourly wages adjusted for industry—that is, if the individuals have been working in the same industry—the actual increase is 37½ percent. On the other hand, the wage rate actually earned, counting the workers who shifted into other industries where more money is paid, has gone up 45 percent in these 4 years.

We talk about the Little Steel formula of 15 percent, but, as a practical matter, it has not been possible to freeze wages, in spite of the proclaiming of the wage freeze—and why? For the simple reason that a price freeze or a wage freeze freezes injustice as well as justice. It freezes unjust conditions as well as just conditions. If you are really going to have a price freeze and make it work you have to expect a freeze of unjust conditions. Human nature will not stand that. Human nature will not stand it in the case of wages. So we have had to adjust unjust conditions in the wage field. That is the reason it is not possible to freeze wages. Wage rates alone have gone up, at the lowest calculation, 37½ percent, and possibly 40 percent. At the same time the cost of living has gone up only 26 percent. So that the cost of living price level has gotten entirely out of line with the wage level.

It is suggested that wage earners are more efficient. I do not think the slightest evidence has been offered that there has been any increase in the efficiency of wage earners. As a general thing, in war time efficiency decreases; and I think probably efficiency has decreased in this war. At any rate, there are no reliable figures to show that it has in any way increased, although in the last war it decreased, and after the war it increased.

The result of the whole business is that we have a certain degree of inflation. That is, we have an increase in retail prices of 26 percent, and in wages, up to about 40 percent. I do not think we could prevent it, and I do not think we can prevent the level going somewhat higher, so long as we have a deficit of \$50,000,000,000 or \$35,000,000,000 a year. On the whole, I think if we could stabilize at a level approximately 25 percent above the January 1, 1941, prices, we would be better off. I doubt very much if we want to depress prices, and hold prices down to the point where, when the drop comes, they will drop still further, perhaps to prewar prices, or 15 percent above prewar prices. I think there would be much less difficulty in adjustment if we could maintain approximately the present price level and approximately the present wage level.

My feeling is that we have inflation, and we might as well recognize it. I think we should adjust prices to correspond approximately with the wage level. I think we ought not to be afraid of increasing prices. People talk about the so-called spiral of inflation. That is a very slow-moving spiral. Wages are adjusted once a year. Under the OPA prices will be adjusted once a year.

There is no tremendous difficulty. If we increase manufacturers' prices 10 percent and hold the distributors to the same margin they are getting today, we can hold retail prices down to an increase of 5 percent. So far as I can see, if the war continues, another increase in wages of 5 percent is almost certain to occur. We cannot help it. There is no way in which we can fix wages as we can fix prices. We are bound to face a certain increase in wages, and it seems to me that the proper thing to do is to recognize that fact, and recognize that the prices may go.

About a year ago the British Government had no hesitation in saying, "We feel that conditions are such that we are going to have to let prices go up 5 percent. We are not going to absorb the increase any further with subsidies. We have gone as far as we care to go with subsidies, and we are going to let prices go up." So far as I know, nothing happened to discourage the British war effort or British workmen.

The choice has been presented here between wide open inflation and a complete price freeze. I say that the proper thing is a moderate course between those two policies. It would be just as dangerous to hold prices below wages as it would be to let prices hit the sky. It is true that after the First World War, the moment the armistice came to an end, the administration deliberately took off every control. That was the view of the present senior Senator from Virginia [Mr. GLASS], who was then Secretary of the Treasury. That was the view which predominated in the Wilson administration. They took off every control; and it is true prices hit the sky and went up 25 or 30 percent after the end of the war.

I do not favor any such control at all; but I do say that if we want to secure recovery in this country, we must permit those who want to make things to make a profit when they make them. We must fix a price which will encourage people to go into business, expand their business, or start new businesses which will put people to work, so that we can meet the unemployment which we face.

Today we are really facing the reconversion period. The only reason I have made the fight on these amendments this year, when I never did it before, is that I think we face an entirely different situation. During the war, if there were casualties in business, that was no worse than had happened to many other businesses which had to go out because there were no materials for them to use. It was certainly not as bad as the sacrifice of life in the war. They were simply casualties. I thought the policy was mistaken, and I still think so. I believe that even during the war it discouraged production.

The trouble with the meat situation is not with production. The production of meat is all right. The farmer and the stockman are receiving sufficiently high prices to enable them to raise meat animals. The difficulty is that so many packing houses have closed that the processing of the meat has been forced

into unreliable and illegitimate hands, thus building up a tremendous black market. Packer after packer has gone out of business because he could not meet the price squeeze which was put on him by the present administration. It started with beef. Two or three small beef packers in Cincinnati, who had been in business for a hundred years, quit business nearly 2 years ago. Since that time there has been a steady increase in the number of casualties among the various packing houses. I have before me telegrams which I shall read, relating to the closing of packing houses in Canton, Ohio, and Piqua, Ohio. I have telegrams from Dayton, where there is no legitimate meat, by reason of the fact that the supply houses which formerly provided meat have closed their doors because they lost money on every head of cattle they purchased.

From the beginning the Office of Price Administration has made one great mistake. We were urged, when we first enacted this law, to put one man at the head of all food control, so that he would have a concern both with the production of food and with the price of food. It was urged that one man should deal with the whole problem. Instead of that, the Office of Price Control was set up to control all prices, and another division was given charge of production. Since that time the fetish of the price freeze, the anti-inflation complex, has so dominated the administration that today they sacrifice all questions of production. They have sacrificed justice to individual processors, justice to individual men, and justice to various industries.

The idea behind the anti-inflation complex is the determination to keep the retail price of everything at a certain level. That has been such a dominating policy in the administration that it did not make any difference who was War Food Administrator or who was Secretary of Agriculture. I do not believe now that merely taking food control away from the OPA and giving it to the Secretary of Agriculture will obtain any result, because this policy is a policy which extends all the way down from Mr. Vinson, and has dominated the administration. I think it is a great mistake. I think it is just as important to get production as it is to have proper prices.

I think we could well stand an increase in prices if it would result in increased production. I think there has been a mistake in policy from the beginning, and I do not think the present policy can be adhered to. If we could freeze wages and freeze all costs, then I should say that we could freeze all prices. But we cannot admit that there is an inflation in wages and an inflation in wholesale prices, and then pretend that there is no inflation in retail prices. We can follow such a policy for a while; but if we hold it too long, it bursts at the seams, just as it has done in connection with the meat problem. Today meat is in a similar situation to that occupied by liquor during prohibition. The same situation applies to other products. We have talked a great deal about meat, but it is only a sensational and spectacular evidence of the result of this policy. The same thing is happening in other lines, in a

quieter way. In other lines people simply cannot manufacture. Production will be steadily reduced, and the result will be reduced production in the post-war period.

I believe that the attitude of the Price Administration has been wrong from the beginning on the question of cooperation. We wrote into the original Price Control Act all sorts of provisions about cooperation. We wrote in the provision that before any regulation or order should be issued, the Administrator, so far as practicable, should advise and consult with representative members of the industry affected by such regulation or order. That never was done during the first year or so of the act. Today, while consultations are held, members of the industry come directly from them with the feeling that no real consideration has been given to them.

We also wrote in the provision:

He shall appoint an industry advisory committee or committees, either national or regional, or both, consisting of such number of representatives of the industry as may be necessary in order to constitute a committee truly representative of the industry or of the industry in such region, as the case may be. * * * The Administrator shall * * * advise and consult with the committee with respect to the regulation or order, and with respect to the form thereof, and classifications, differentiations, and adjustments therein. The committee may make such recommendations to the Administrator as it deems advisable. * * *

That was ignored for a year. Finally, after these committees were appointed again, they found it almost impossible to secure any real hearing from the officials of the Office of Price Administration. The attitude has been, in effect, that the businessman is a crook, that the businessman is wrong, that if he gives the OPA some figures, presumptively there is something wrong with the figures, and the OPA must go back and get one report after another, in the meantime postponing any relief in the particular case in which relief is sought.

We inserted a provision that—

In carrying out the provisions of this act the Administrator is authorized to confer with producers, processors, manufacturers—

And so forth—

to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with any such persons, groups, or associations relating to the fixing of maximum prices, the issuance of other regulations or orders, or the other purposes of this act.

In the First World War the price of cattle was controlled by such an agreement. It was controlled by an agreement between the Price Administrator and the packers as to the general level of prices which would be paid for cattle. It was done voluntarily by the industry, and it could be done.

Mr. ROBERTSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. (Mr. Lucas in the chair). Does the Senator from Ohio yield to the Senator from Wyoming?

Mr. TAFT. I yield.

Mr. ROBERTSON. I think this is an opportune moment to place in the Record a comparison between the wages paid in the cattle-raising and wool-raising

States of the West today, as compared with the prewar rates.

In the case of sheep herders the prewar rate was \$50 a month and board. Today it is from \$150 to \$175 a month and board. In the case of camp tenders, the wages rose from \$55 a month to \$150 a month. In the case of ranch hands the wages rose from \$40 a month to from \$125 to \$150 a month, and in that connection I may say that the \$40-a-month ranch hand of the prewar time did the work which, today, two \$125-a-month men do.

Hay hands were paid from \$2 to \$3 and board in the prewar period. Today they are paid from \$6 to \$8 a day. Irrigators who were paid \$60 a month in the prewar period are now paid \$175 a month. Cowboys who were paid \$50 a month now are paid \$150 a month.

I thank the Senator for yielding to me.

Mr. TAFT. Mr. President, the Senator from Wyoming has called attention to a particular industry in which there has been a much greater increase in costs than in the prices the industry receives. The OPA has refused to accept the ordinary accounting reports of manufacturers and processors. It has disallowed varieties of costs which have been allowed by the Bureau of Internal Revenue for years. It has taken the position, in effect, that the Bureau of Internal Revenue has been duped by businessmen for many years, but that the OPA knows better. So, one after another, it has required detailed statements which the smaller operators often are unable to furnish, and then it has proceeded to disallow the costs, or has done so in order to have some excuse for not granting an increase in price which should be made.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. McMAHON. I should like to ask the Senator, inasmuch as he has just stated that the small processors cannot furnish the statements, how they will furnish the statements upon which their profits will be computed, if the amendment is adopted.

Mr. TAFT. That would be up to them. If they could not furnish such statements, they could not get the increases in prices. I think that is the answer.

Earlier today the charge was made by Mr. Bowles that this procedure is too complicated. The answer is that if a processor cannot separate the costs of different products, he cannot make out a case for an increased price. That would be the fault of the businessman, and in that event he would not receive the increased price.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BARKLEY. If they can figure the costs of their businesses for income-tax purposes, under the rules of the Bureau of Internal Revenue, why can not they arrive at some approximate estimate of their costs and profits for the OPA?

Mr. TAFT. The charge was made that, of course, the Bureau of Internal Revenue does not require an operator to furnish separate figures for beef, pork, mutton, lamb, and other products, and the claim was made that the processors

and packers could not separate their figures, in order to provide separate figures for the various products. Today the Bureau of Internal Revenue does not require that to be done.

Mr. BARKLEY. No; it does not require that to be done. But I think any ordinarily prudent packer or processor would do that anyway, in his own interest. He would not throw all of his hogs and cattle and sheep into the same pit, so to speak, and turn them out together and have a general conglomerated cost for all of them. He is bound to keep books.

Mr. TAFT. I agree with the Senator; I think it can be done, and I think the smaller packers can furnish such figures. But earlier today it was claimed that the task would be impossible; the argument was made on the ground that the cost figures requested would be so complicated and would require such rearrangement of accounting practices that the packers and processors would have to employ expert accountants, and that it would be beyond the means of the average small packer.

Mr. BARKLEY. The statement also was made that the OPA, in order to obtain an estimate of the cost of production, sent out approximately 68 requests. No one claims that there are more than four or six large packers in the country, so the 68 must have included some small or medium-sized packers. Most of them did not reply. They did not say, "It is too complicated," but they simply ignored the request altogether. They seemed to feel that it was none of the OPA's business, and they would not answer the letter. They could have replied, "We cannot give you accurate figures about it. Perhaps if you simplify the formula, we can." But they ignored the request altogether.

Mr. TAFT. I understand that. For March, for processors of more than 70 percent of the meat produced in this country—not 70 percent of the packers—returns have been furnished for all of them except approximately 10 percent.

Mr. BARKLEY. Of course, the 70 percent included many of the smaller packers.

Mr. TAFT. Of course.

Mr. BARKLEY. But certainly it did not represent 70 percent or 50 percent or 30 percent in number.

Mr. TAFT. Mr. President, the OPA has also pursued, since the beginning, a crack-down policy. I think the enforcement policy has been unwise. It has not resulted in the apprehension of the real black-market operators. The OPA has usually chosen some big figure and has shown some minor infraction of the law, so that it could make a good deal of noise about proper enforcement. From the beginning the people have been prosecuted without warning. In general, the whole policy has not been one of cooperation with business, but it has been one of crack-down on business, suspicion of business, and a general attitude or frame of mind that the less we have of processors and distributors, the better.

Mr. President, I have said that the OPA has departed from the policy of the

act. The act was very definite in giving expression to the idea that one who had additional costs should have increased prices. The standard set out in the act is clear. It provides that the Administrator may by regulation or order fix a fair and equitable price. Then it says that he "shall ascertain and give due consideration to the prices prevailing between October 1 and October 15, 1941 (or if, in the case of any commodity, there are no prevailing prices between such dates, or the prevailing prices between such dates are not generally representative because of abnormal or seasonal market conditions or other cause, then to the prices prevailing during the nearest 2-week period in which, in the judgment of the Administrator, the prices for such commodity are generally representative), for the commodity or commodities included under such regulation or order, and shall make adjustments for such relevant factors as he may determine and deem to be of general applicability, including the following: Speculative fluctuations, general increases or decreases in costs of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the commodity or commodities, during and subsequent to the year ended October 1, 1941."

That provision has been completely disregarded. At the end of these two amendments provision is made to rewrite that principle into very definite, compulsory language.

Instead, as I have said, the OPA has adopted the policy of a retail-price freeze, and in order to do that the OPA has sacrificed everything else. I hope to give a number of examples of actual controls by the OPA in order to illustrate what I am saying; but now I say that after 2 years of constant discussion with the OPA and constant conversation with persons who have come to Washington to present their case to the OPA, the OPA has deliberately used every possible device to prevent giving anyone an increase, no matter how much it might be justified.

Over and over again the Industry Division of the OPA, which is headed by a man who knows something about the particular business under consideration, has recommended an increase, but it has not been put into effect. The favorite method is that of delay. More figures are requested, and more hearings are held. In the case of the smaller meat packers, for example, they went out of business before any action was finally taken by the OPA. At the present time, under pressure from Congress, the OPA has made at least three additions to the price of meat by means of subsidies. In most industries if the OPA makes any adjustment it is usually an adjustment of about one-third of what was asked for, and about one-third, perhaps, of what the industry is actually entitled to, and on the basis of the lowest possible method of calculation.

The OPA has adopted a peculiar rule. In the first place it looks at the over-all industry profit. When profits are considered it is necessary to go back a year. It is impossible to tell what the 1944 profits of an industry have been until 3

or 4 months following the end of 1944. In other words, it is necessary for the manufacturer to take a heavy loss before he can prove he did not make any profit, and he must stand the loss for a year.

In the second place, when considering the over-all industry profits, a few persons have been doing things which have been very profitable. For example, some of the large packers are making money on various side lines and specialty articles which they make from meat. It is all taken into consideration, and the industry as a whole is taken into consideration from the point of view of the overall profits, and the smaller producers are denied an increase. The OPA has adopted the peculiar rule that if a manufacturer is making three or four separate articles, and two of them have been profitable, the OPA can make him sell the remaining two at a loss. The OPA requires the manufacturer to sell them at a loss. Yet the rules provide that if he is making an over-all profit, at least breaking even on products B and C, and can show that he is sustaining a loss on product A, he may raise the price of product A just high enough to cover his expenses for labor and material. In other words, he must sell the product at a price which will return no profit, because he is selling products B and C at a profit.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. ELLENDER. Is not the practice to which the Senator is now referring the practice which is followed in almost every business?

Mr. TAFT. No; I do not think it is. I would not say that distributors and retailers have not had loss leaders, perhaps as a customary thing.

Mr. ELLENDER. Does the Senator mean to say that manufacturers make profits on everything which they manufacture?

Mr. TAFT. If a manufacturer does not make a profit on an article he usually discontinues making it, or finds some way by which to increase the price of the article, or decrease its cost of manufacture. No manufacturer wants to continue to make a particular product at a loss if he can possibly avoid it.

Mr. ELLENDER. What the Senator states is not the evidence we have received in the committee from one of the largest processors of meat.

Mr. TAFT. There have been times when, of course, every manufacturer has made some product at a loss, but at the first opportunity he did everything which he could do in order to adjust the situation. Why should he continue to make something at a loss? He would be better off by discontinuing the manufacture of the article. The difficulty is that the loss is made in many cases before anything can be done about it. For example, a manufacturer perhaps sustained a loss in 1941. If he had continued into 1942 perhaps he would have found some way by which to offset the loss. But there is fastened onto him a price which is below cost.

Mr. President, let us consider for a moment the postwar reconversion period. An effort is being made to encourage

many persons to go into business. It has been proposed to loan returning GI's approximately \$2,500 or more for the purpose of going into small businesses of various kinds. Does the Senator from Louisiana believe that any of them will go into a business and manufacture articles which have to be sold at a loss? Obviously, if we hope to establish manufacturing activity in this country we must fix the maximum price of manufactured goods sufficiently high to provide an incentive to persons to go into the business of making the particular products involved, and other products as well. Today we face the return of approximately 2,000,000 men from the Army within the next 6 months. We face the dismissal of 2,000,000 or 3,000,000 men from war work by the end of this year. Those men will have to go to work in civilian industry. If we try to absorb all of them in industry we must fix prices for manufactured articles at a level which will induce the manufacturers to produce the commodities the American people are willing to buy.

Mr. President, I think the OPA policy is in violation of the OPA Act. I think the act contemplates that every product shall be sold at a reasonable and fair price. The act does not say so in so many words, so the pending amendments provide that a reasonable profit shall be made. I believe the act itself contemplates that every product shall stand on its own feet.

Mr. President, I do not wish to make statements without explaining them, and I should like to consider briefly a few of the examples of various industries which have come to my attention within the past 30 days.

Here, for example, is a manufacturer of screw-machine products, such as small screws, bolts, and nuts, which go into the parts entering into the construction of automobiles. Only last week a committee of manufacturers of screw-machine products called on the OPA, and the OPA told the committee that it was about to issue an order rolling back their prices to the 1941 levels. Why? Because the articles in which the committee was interested are used in the manufacture of automobile parts, and the policy of the OPA is to require that automobiles be sold at 1942 price levels when the manufacture of automobiles shall be resumed. The general statement of postwar policy relates to automobiles and to other articles to which reference has been made by the Senator from Delaware. The OPA states, in effect, "We expect automobiles will be sold at 1942 prices. We have a formula." But when one reads the entire order, one sees that it evidently applies all the various principles which have been adopted previously, and provides that automobiles and refrigerators shall be sold at 1942 prices, although since the 1942 prices were fixed the cost of material and labor has increased by from 25 percent to 30 percent. The little fellow who makes the parts of parts, if you please, Mr. President, has been told that his prices will be rolled back to the 1941 levels, and that the prices of all automobile parts will be rolled back.

Mr. President, to my mind, that policy is inconceivable. We cannot encourage people to make articles which the public wants if such a policy is pursued. As a matter of fact, in the particular case to which I have referred, that of the Ainsworth Co., the company ordered at the 1941 prices a number of small-screw products of the Ann Arbor Automatic Products Co., of Ann Arbor, Mich. The company said, "If we accept the order, we will have to sell these products at a loss." The order was turned down. The parts manufacturer was able to find another company which apparently had a different price level, and was able, therefore, to accept the order. There is a vast number of metal manufacturers, all held down to something like 1941 or 1942 prices.

I come now to an agricultural product, Ohio potatoes. I shall not go into all the figures as to Ohio potatoes as against Maine potatoes. Whether they are a superior product, I do not know, but, at any rate, the Ohio growers get a higher price than the Maine growers get, but only for home consumption.

As a result of the price fixing of the administration, the association which has written me says that "The potato acreage in Ohio in 1944 was the smallest since 1887," because the price fixed on Ohio potatoes was inadequate. The indications are that the 1945 acreage will be reduced by 10 percent below 1944.

I come now to the case of the Shelby Shoe Co., of Portsmouth, Ohio. The OPA has priced women's shoes down to a point where the manufacturers absolutely break even. Who is going into the business of manufacturing women's shoes if he is not going to make any profit on them? All the incentive to build up volume is gone if a reasonable price is not allowed. Why are the manufacturers denied a reasonable price? It is because they happen to own a lot of foreign patents, or foreign licenses, under which they give the forms and the names to manufacturers in South America and Europe, to apply to shoes they manufacture, and on those licenses they make a profit. So the OPA says, "You cannot increase the price of shoes, although the costs today are equal to the price we allow you."

Mr. President, this company is not going broke; in fact, it is one of the strongest companies in the field; but how can we expect the women's shoe industry to expand if we require on all women's shoes—and these are the \$4 to \$6 shoes—to sell for the same ceiling price which has been in effect ever since 1941, instead of at a 25 to 30 percent increase? How can we expect new people to go into the shoe business, or old shoe companies to expand, if we allow them a price which exactly equals their costs, all because a particular company happens to make a profit on something else, which has no relation whatever to the price level of shoes in the United States?

Now here is the case of Hollingsworth & Whitney Co., a paper mill company of Maine. This company happens to make in a Maine mill the paper which is used in the punch cards which have been widely sold and used by the Army and

Navy. It happens to have two mills in the South, and one in Maine. At the present time it is losing \$400,000 a year on its Maine mill, and the OPA says it cannot increase the price—although, incidentally, the card manufacturer would pay the increase—because the company is making a profit on different kinds of paper in the mills of the South. What will happen? The company will close down its Maine mill and throw thousands of people out of work. What justification is there for that, merely because the company happens to be operating two profitable mills in the South producing some other kind of paper?

Mr. WHITE. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. WHITE. I happen to have a folder before me which deals with the question of the Maine mill to which the Senator is referring, and what the Senator has said prompts me to quote very briefly from the folder, if I may, with the Senator's approval.

Mr. President, this is a concern making card stock. I think it makes about 90 percent of all the tabulating card stock made in the United States and used by the Government of the United States. It makes this card stock at the order of the War Production Board. It has not a free choice as to the quality and kinds of paper product it makes, but it gets its orders from the War Production Board. Yet, at the same time, the War Production Board has restricted the company's ability to make other paper by directing it to "ship pulp from our northern and southern plants to other paper mills, thereby further decreasing the supply available to our own paper machines."

Mr. President, this is a plant engaged in a particular manufacture, at the direction of the War Production Board, and the War Production Board prevents the possibility of its extending its activities into other forms of paper products, by directing that its pulp be shipped to other mills.

It happens that this same mill faces a tremendous increase from 1941 to 1945 in the cost of the wood that goes into its wood pulp. It says:

In our case, the wood cost per ton of pulp in the first quarter of 1945 is 123 percent greater than it was in the middle of 1941.

That, of course, is only one item of cost, and it may be the largest—I do not know about that—but the net result is, as the Senator from Ohio has said, that that mill, long an active industrial concern in my State, is operating now at a loss of \$435,000 a year, and, of course, it means the complete disappearance of that industry from the State of Maine unless the War Production Board or the OPA or some other interfering agency of the Government affords some measure of relief.

Mr. TAFT. The amendment I have offered covers the situation, because it provides that they shall be entitled to the same margin over today's costs in their present prices that they had in 1941 over the costs at that time. The amendment of the Senator from Oklahoma covers only agricultural products; I think it probably does not cover paper, but the

amendment I have offered does cover the situation referred to by the Senator.

Mr. WHITE. I wanted to make sure of that. I understood that the amendment of the Senator from Ohio did cover such a situation as that I have brought out.

Mr. AIKEN. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield to the Senator from Vermont.

Mr. AIKEN. Does the Senator know whether or not the profit on the two southern mills is sufficient to more than offset the loss on the Maine mill?

Mr. TAFT. It is about the same. My recollection is there was about \$500,000 profit on the two southern mills, and a loss of about \$400,000 on the other. But it is an entirely different kind of paper. The paper made in Maine is a special paper, used especially for punch cards which are widely used today by the Government.

Mr. AIKEN. I was merely wondering, if the correction were made in the case of the Maine mill, whether the War Production Board would not turn around and say, "We will cut to a sufficient extent the price of what we are allowing the southern mills to offset that."

Mr. TAFT. I think that would be justified, and could be done.

Now, let us consider textile products. For some reason the OPA has held down the prices of low-grade textiles strictly, at the same time allowing the textile mills to make a lot of money on the more expensive grades, rayon goods, and the like.

Mr. AIKEN. I think that is true. I think it is very difficult to explain some of the workings of the OPA today, and, in my opinion, the Senator from Oklahoma and the Senator from Ohio are substantially stating the facts as to the situation. The only question is, What can we best do to remedy the situation? Can we do anything to remedy it, inasmuch as it is largely a matter of administration? We have legislated before, and the Government agencies have ignored the intent of Congress. Will further legislation make them act any differently?

Mr. TAFT. I admit the Senator's point; I do not know whether there is anything to do except to impeach them. But I think the Senator from Oklahoma and I have offered amendments sufficiently clear so that they will have a hard time not making some reasonable adjustment, at least, even if they do not go the whole distance I think they should go.

Mr. AIKEN. I realize the situation, but I have wondered whether we could gain anything more by legislation, and whether the time had not about come when we should tell certain Government agencies that they would have to mend their ways or we would adopt more drastic methods than merely legislating. The question in my mind is whether the amendment offered by the Senator from Oklahoma or that offered by the Senator from Ohio would materially improve the situation.

Mr. TAFT. We think they would. I now go to another case, Mr. President, the manufacturer of small electric mo-

tors for civilian purposes. The letter I have is from the Ohio Electric Manufacturing Co., of Cleveland, Ohio, and it states:

Our company was visited the other day by a regional business consultant for the Department of Commerce who asked us if we had any reconversion problems.

I advised him we had no problems whatsoever except that of prices, but so far that was an insurmountable problem because the cost of labor had gone up about 100 percent since 1941, and, therefore, if we sold fractional horsepower motors at the depressed prices prevailing prior to the war, we would be losing an average of \$2 per motor.

We need the privilege of quoting up to 25 percent more than prewar prices in order to name a price which would give us 5-percent profit after taxes. Of course, there are some lines, as noted above, where we do not have to add anything and some would come somewhere in between nothing and 35 percent, but we would need 35 percent leeway (on this product) to enable us to quote to promote full production after the war.

Mr. President, I do not like to dwell too long on this angle of the discussion, but I think the only way this case can be made is by showing the vast variety of industries and cases that are affected by the present policy of the OPA.

Then there is the case of malt products. For some reason the OPA has proceeded now to roll back the price of beer. For many years it has been a recognized legitimate practice for certain malt products to provide a reasonable profit to the distributor. This has been an economic necessity in some cases. In any event, it has grown up as a matter of practice, which does not now seem to be a legitimate matter of concern of the OPA. But OPA now comes along and rolls back the ceiling price as of 1942 on malt products on the basis of the price of the manufacturer to the distributor, in an effort to equalize the margin of profit rather than to control the price to the consumer. OPA has put an increase on one fellow, so it proceeds to take it out on somebody else.

Here is a telegram from a cloak and suit manufacturer in Toledo, Ohio:

In reference to NAP supplementary order 108, OPA regulation affecting the cloak and suit industry undermines the financial condition of this 50-year-old organization. Unless the average price maximum can be raised this plant must stop operation. This would throw out of employment approximately 150 men and women who have made this their life work and are not capable of other employment because of training and age, and a lay-off would be definitely detrimental to them. To maintain this order is not to the best interest of the public or of this particular industry.

Let us consider the case of work socks. The present price on work socks, which are made of cotton, has been so fixed, as in the case of a good many cheaper grade textile products, that, according to the Fair Brand Hosiery Co., which is, I think, the largest manufacturer of work socks, there is a loss of about 8 cents on every dozen pair of socks. The selling price is \$1.45. The current cost of making the socks is \$1.53.

The same thing is admittedly true in the case of a great many of the cheaper grades of textile products. With respect to underclothes, women's cheap dresses,

all sorts of children's clothes, OPA today and WPB are saying to the textile mills, "You must make these products at a loss. You must go ahead and make them. We do not care whether you lose money on them or not. You can make it up on something else if you can."

Mr. President, I do not know if that is unjust to those mills, but I do know that so long as such articles are priced at a figure less than cost, they are not going to be made. It is not human nature to make them under such circumstances. People will not be put to work making them if the price of the articles is not adjusted so as at least to yield a reasonable return over the cost.

The Central Carton Co., of Cincinnati, Ohio, manufacturers of folding paper boxes and displays, writes as follows:

Regulations have made it increasingly difficult to operate profitably.

In our industry, which is the folding-paper-box industry, we have had to absorb all increases in the cost of raw materials, labor rates, and freight rates and also the cost of higher grade boards and trim sheets when substituted for the correct grades and the right size sheets. We have also had to use the same profit margins on wholly dissimilar products and have not been able to improve the quality of the packages which we supply our customers unless we absorb the increase in the cost of improvement.

The B. & P. Motor Sales Co. is a manufacturer of electric irons. I do not know what the final result has been, but in March they got a price from the OPA:

If we were to sell our irons to the trade at \$5.23 we would lose better than \$1.50 on each iron.

No one is going into the electric-iron business if he is going to lose \$1.50 on each iron.

Here is a letter from a cottonseed mill with which I happen to be familiar. It was once owned, I think, by my uncle. It is the Taft Cotton Oil Co., of Taft, Tex.:

As I explained to you when in Washington just a year ago, Commodity Credit Corporation and the OPA have ceilings on all our products and a floor on the price of cottonseed. Certain large vertically integrated corporations making profits on other operations are using same to subsidize or take care of the losses of their cottonseed oil milling operations. The small oil-mill operators are in the same kind of a squeeze as the small independent meat packers, and unless the program is changed there is absolutely no chance of survival. Our loss this year would be around \$30,000.

That is a small company with a capital of \$150,000, and so far as I can remember, with the exception of 1 or 2 years when there was no cotton, that company had made a profit every year for the last 15 or 20 years.

The Underwear Institute of New York City writes:

The heavyweight underwear situation will be in a state of crisis similar to that now present in meat—just as soon as the weather turns cool this fall and people set out to buy some.

In my opinion there will be none.

This is due to the fact that in practically all of the mass production mills, making low and medium price heavyweight underwear, we find their price ceilings below their costs. For your information I am taking the liberty to enclose copy of letter written by the Utica Knitting Co. to Dr. W. Y. Elliott, Vice Chairman of Office of Civilian Requirements.

Which gives the exact figures showing the loss on heavy underwear.

I have here a letter from an Ohio building material company, the Toledo Plaster & Supply Co. They write:

First, a price increase was allowed the manufacturers of lime but the same was not passed on to the building supply dealers, making the margin between the cost and selling price so small that it was almost a joke.

In that case, of course, they made the distributor absorb the increase in cost.

Second, when the retail price on face brick was frozen, it was a delivered price from the brick plant to the job site and consequently included the cost of delivering by truck. This cost has increased tremendously not only in wages to the truck drivers, but in the upkeep and repairs to trucks. The manufacturer's price on face brick was recently increased but no relief was given to the building supply dealer, due to the increased cost of trucking.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. ELLENDER. Will the Senator tell us which period of time will be used by OPA as to costs, so as to fix a reasonable profit on each product processed by a manufacturer? Would it be the costs of last week, last month, or future costs?

Mr. TAFT. I think it should be any typical period. I think they should give some allowance for the future. Ordinarily I would say it ought to be done on the most recent figures obtainable. I think the producer should not wait until the end of the year either. If the wages have gone up, the producer will know what the increase in the cost of wages is.

Mr. ELLENDER. But suppose the wages were increased, which would naturally follow if the cost of living increased. Would it not be necessary, under the pending amendment, that those costs be taken into consideration in figuring out profits? Let me put it this way: Would it not be necessary to make a new determination every time a processor's costs are increased?

Mr. TAFT. It would operate like this: Suppose the manufacturer's price were increased 10 percent. If the distributors were held to the same margin they had—the manufacturer's price is usually about half the retailer's price—it could be reflected into approximately a 5-percent increase in that particular price. If that were a general or universal increase of 5 percent—which it would not be, because we are moving into a period in which some prices are going down by themselves—then when the next wage contract came up, perhaps in 6 months, there would be an increase of 5 percent. Perhaps 6 months later the manufacturer would finally get his additional increase of, say, 2 percent, because wages are only one item in the increase in costs. So, instead of having what we call an increasing spiral, if it were handled properly, we would have a decreasing spiral. As a practical matter, if we make an increase this fall or about the 1st of January 1946, I doubt if we shall ever have to make another increase.

Mr. ELLENDER. Mr. President, will the Senator yield?

THE PRESIDING OFFICER (Mr. HOEY in the chair). Does the Senator from

Ohio yield to the Senator from Louisiana?

Mr. TAFT. I yield.

Mr. ELLENDER. How could the OPA follow the suggestion made by the distinguished Senator if, as was pointed out in the course of the debate this afternoon, the costs of every processor would have to be taken into consideration, and a profit allowed to every processor under penalty of the law?

Mr. TAFT. In the first place, in order to make the matter clear, the amendment which I submitted does not contain such a provision.

Mr. ELLENDER. But in his opening remarks the distinguished Senator said that he was speaking in support of the Thomas amendment.

Mr. TAFT. That is correct.

Mr. ELLENDER. He was advocating it. He said that if the Thomas amendment were adopted he would not press his amendment. So I am taking it for granted that the distinguished Senator is discussing the Thomas amendment as it is presently before the Senate.

Mr. TAFT. The Senator interrupted me before I finished what I had to say. In the first place, I merely wish to call attention to the fact that my amendment is based upon an industry standard. As to the Thomas amendment, as a practical matter, my impression is that the OPA would fix one price for the whole industry, at a point which would take into consideration the costs of the least efficient producer.

Mr. ELLENDER. That is the Senator's impression, and it may be wishful thinking on his part; but under the terms of the amendment, as I understand it, the costs of every processor would have to be taken into consideration in fixing a profit for each such processor.

Mr. TAFT. I think so.

Mr. ELLENDER. Has the Senator any idea of the time which would be necessary, the cost, and the vast army of employees which would be required to examine the books of every processor in the country to determine what profit each should receive?

Mr. TAFT. Does not the Senator know that the OPA is now doing that very thing?

Mr. ELLENDER. No; I do not.

Mr. TAFT. There is an increasing number of individual applications, and the OPA has encouraged them rather than increase the price when it ought to be increased in order to give a fair price for the whole industry. The OPA has held the price down to a wholly unjustifiable level and has encouraged the least efficient producers to make application to have a particular price fixed for each individual firm. Not only that, but when I called up Mr. Brownlee in connection with the future pricing order, he said, "We realize that it is going to be a tremendous task. If we set the 1942 price level for the old products, we are going to have to grant each manufacturer a sufficient price, perhaps in excess of that, to give him a profit."

The OPA is proposing to do exactly what the Senator from Oklahoma is proposing in his amendment. Furthermore, the OPA does not have to examine the books of every processor in the country.

If a man is satisfied with the price, he does nothing. Under the terms of the Thomas amendment, the OPA would be called upon to change the price only if a producer should make application for a particular price and lay his costs on the table. So all the OPA would have to do would be exactly what it now does.

Mr. ELLENDER. The Thomas amendment would make unlawful the fixing of a maximum price for any product unless the producer of that product were given a reasonable profit.

Mr. TAFT. Yes; but if we consider the act as a whole, it is perfectly obvious that the only way in which the law could be effective would be for the man who is injured to make application for an increase in price. I think that is obvious on its face. I do not see that the OPA would have to call for any information other than it already calls for from every single manufacturer in the United States. There are 200,000 employees working for the organization, and today the OPA is undertaking to do exactly what the Senator is objecting to.

Mr. ELLENDER. The Senator is a good lawyer, and the language in the pending amendment is clear that no maximum price can be fixed on products of a processor unless his cost be examined or reasonable profit allowed. The Senator knows very well that the way the OPA has fixed prices in the past has been to take the costs of certain manufacturers, allow a reasonable profit, always having in mind profits made during a certain period. Under this amendment it would be imperative on the part of OPA to examine the books of every processor and fix a price which would allow a reasonable profit for him, if I understand the English language. As I pointed out a while ago, a reasonable profit would have to be allowed to every processor for any major product resulting from the processing of any agricultural commodity or for the products of any species of livestock.

Mr. TAFT. I believe the Senator from Louisiana is mistaken in his interpretation. The OPA has not fixed prices in that way. It has frozen prices which theretofore existed. Most prices are fixed today because the OPA froze the price which someone charged 3 or 4 years ago. From time to time individuals have sought adjustments, and occasionally they have obtained them. There have been many more individual adjustments made than industry-wide adjustments.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BARKLEY. When prices have been frozen, the OPA has attempted to fix an over-all price for all those engaged in the same industry, so that prices would be uniform in any given community. But the pending amendment would prohibit the OPA from fixing a ceiling for any processor—it does not say “all processors,” but “any processor”—which would not include costs and a profit, based upon a certain period. In my judgment, it would be necessary for the OPA to consider the costs of every single processor. In any given community where there were six such processors, there would be the possibility that the same product

might be sold at six different prices. If that were true, the customers would go to the processor who sold the cheapest, and he might be the one who needed the least relief so far as prices were concerned. People are going where they can buy processed food the cheapest.

Mr. TAFT. In some respect the Senator is correct; but that condition exists in the United States today. The prices of all manufacturers were frozen, not at a fixed level, but at the particular price which the individual manufacturer formerly charged. So, today we have the condition which the Senator is regretting, and which he says would be brought about by the Thomas amendment.

Passing on, I refer briefly to the used-car situation. There is an attempt to control something that cannot be controlled. The used-car situation is similar to the meat situation. The result of trying to impose ceiling prices on used cars has been to drive most of them into the black market. Today legitimate used-car dealers have about 10 percent of the used-car business, and the other 90 percent is handled on street corners by persons who have no responsibility, and who finally work out a deal by which individual A sells to individual B at a price 50 or 100 percent more than the supposed ceiling price.

The furniture manufacturing industry is another example. I have the following communication from Grand Rapids:

Our company is one of the largest manufacturers of fine furniture in the country, and I am chairman of a price-relief committee of the National Association of Furniture Manufacturers. A careful and detailed survey from about 100 factories in the North shows that the cost of labor and materials in the manufacture of furniture has advanced at least 30 percent since March 1942, the date at which prices were frozen. Since that time the OPA has authorized an advance of 5 percent. Figures show that in the past profits in the industry have been, on the average, less than 8 percent on sales. It is obvious that full employment cannot be given in the furniture industry unless selling prices are high enough to cover today's cost. Unemployment is rapidly developing in Michigan, and our industry is in a position to quickly employ a large number of men, but cannot give employment if furniture must be sold for less than cost.

Mr. BARKLEY. Mr. President, will Senator yield?

Mr. TAFT. I yield.

Mr. BARKLEY. What does that letter mean? Does 8 percent on sales mean 8 percent on the turn-over?

Mr. TAFT. Eight percent on the turn-over. That is the profit margin.

Mr. BARKLEY. How frequent is the turn-over in the furniture business?

Mr. TAFT. I do not know; I cannot say.

Mr. BARKLEY. It is rather difficult to figure what a man's annual profit is if he is receiving 8 percent profit on his turn-over. He may turn over his inventory every month.

Mr. TAFT. I am not talking about profit. The point is that the increase in the cost of making the furniture has been 30 percent. In the prewar period the cost was 92, and 8 percent was added for the profit margin. Now, if the figure 92 has gone up 30 or 35 percent to 130,

and they still have to sell at 100, they are obviously losing money. They sell at 105, because a 5-percent increase has been allowed. Obviously, they are selling at a loss.

Mr. BARKLEY. Still, if their total increase in the cost of labor since January 1, 1942, were 30 or 35 percent, and they were allowed an 8-percent profit on the turn-over, which might be several times a year, they would still be able to make a profit.

Mr. TAFT. The Senator is mistaken. This has nothing to do with turn-over. The statement is that they figure that if they sell something for \$100 and \$92 represents the cost the profit is \$8. That is unit cost. It has nothing at all to do with turn-over. The 8 percent might give them 2 percent on their capital or 100 percent.

Mr. BARKLEY. I was accepting the Senator's interpretation of his own figures. The Senator said it was 8 percent on sales. If it is 8 percent on all sales, of course it would be on turn-over, because they use the money they get from one sale to buy more furniture, and then sell it.

Mr. TAFT. That has no relation to the unit-cost situation. It seems clear to me that what the telegram says is that where their costs were \$92 and they sold for \$100, they now have increased the price to \$105, and their costs of labor and materials have gone up 30 percent, which would be approximately \$27 more, or a total of \$119. So the net cost would be \$119, and they have to sell at \$105. Probably those figures are not quite accurate, because the costs of labor and materials do not make up more than 60 percent, instead of 92 percent. I would assume that if it is 60 percent, it would be about \$18, or, in other words, an increase to \$110, with the sale at \$105.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. AIKEN. As I listened to the reading of the communications from the various industries, I received the impression that those companies are not complaining that they are not getting by now, so much as they are expressing the fear that they will be unable to convert to production for civilian consumption. Is that the impression the Senator from Ohio has received from those communications?

Mr. TAFT. No; they are entirely different.

Mr. AIKEN. Consider the furniture figures, for instance. I think they have been making money during the war, but their sales have been made largely to the Navy Department, the Maritime Commission, and the War Department; they have been selling largely to the Government.

Mr. TAFT. I assume that to be so.

Mr. AIKEN. They might be able to do business with the Government on an 8-percent basis, whereas that would be totally inadequate for reconversion purposes.

Mr. TAFT. I think the Senator is correct. I think they are chiefly concerned with what their situation will be after the war. Of course, a number of these people have not been in business at all.

so they have no experience. They are saying, "We cannot start and we cannot expand our facilities after we start, if we have to sell at a loss."

Mr. AIKEN. I am receiving similar letters, particularly from two clothespin manufacturers in my State. The costs of their materials have virtually doubled. Now they are getting war orders. They claim they cannot fill the orders on the basis of the 1941 or 1942 prices which they are told they have to charge. I am told, however, that the OPA is considering their cases.

Mr. TAFT. That has always been the trouble; the OPA has been considering cases, but often it has done very little after it has considered them. My experience has been that the OPA often does not do anything after it considers the cases or, when it does do something, it grants increases of such a small amount or such a small proportion of what is requested that there is no possibility for the manufacturer to do business except at a loss.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BARKLEY. The Senator from Vermont has suggested that the furniture manufacturers are making profits because they are selling the furniture to the War Department, the Navy Department, and the Maritime Commission. However, it seems to me that they are selling furniture to everyone. I have not heard that any retail furniture store in my section of the country has closed, and I know they are doing as good business today as they did prior to the war. According to the figures submitted to the committee, the small furniture stores throughout the United States are making 168 percent of the profits they made from 1936 to 1939, which does not seem to be a very unfavorable figure.

Mr. AIKEN. As I recall, they have been limited in the quality of material they have been allowed to use in furniture for civilian use.

Mr. BARKLEY. They have been limited, but that has not affected their profits.

Mr. AIKEN. In other words, they have not been able to use first-class materials in the furniture they have manufactured for civilian use. They have had to use third-grade materials, and the result has been that poor furniture has been produced.

Mr. BARKLEY. But they have made a profit on it.

Mr. AIKEN. I think they have made profits on Government orders. I have not heard any complaints about prices, in particular, from furniture manufacturers. I assume they have been making a profit on what they have sold for civilian use. But there seems to be a fear that they will get stuck in the future when they meet with more competition for their market.

Mr. BARKLEY. They may be true, but they are looking at the top of one hill from the top of another.

Mr. TAFT. Mr. President, if I had received only one communication from one industry, I would simply have said, "That is too bad." But I have received all these communications in the last 30 days. The

situation is Nation-wide. It applies to every industry. The situation affecting meat is obvious. That branch of industry is able to do something, because of the subsidy; but in the case of meat the OPA has refused to increase the price to the consumers 1 cent. That is the philosophy which guides the OPA's entire operations. If the OPA possibly can deny an increase, it will deny it. I think the evidence I have been submitting shows that that is the general situation today.

Other Senators, I believe, will deal with the general question of the meat business. In Ohio, at least, there are a number of packing plants which have closed. In particular, let me say that today there are in Washington two or three gentlemen from Dayton, Ohio. Today, Dayton has practically no meat, because the principal packing company which has supplied Dayton with meat for many years closed last week. It not only dismissed its employees, but it completely shut down its operations, leaving Dayton with practically no meat supply whatsoever. I refer to the Val Decker Packing Co. A letter which I have received in respect to that company reads in part as follows:

They advised me this morning that they are compelled to discontinue their beef kill which has been running about 500 animals per week. A large part of this is set aside for Government use and the balance goes into civilian channels within a radius of 100 miles of Piqua, Ohio, where the plant is located.

From their viewpoint, the OPA situation has simply become impossible. Bill Decker, of that company, has been their cattle buyer for 35 years and has purchased, during that period of time, millions of dollars worth of cattle from markets in Chicago, St. Louis, Wichita, Omaha, Texas, etc. He has been honestly buying. He gets about 2 percent of the cattle he bids on. With prices continually rising, it has been difficult for him to hold to the OPA ceiling prices, but he has endeavored to do so. These cattle come into the plant, are slaughtered, and are then graded by Government inspectors. Oftentimes the Government inspectors, with far less experience than Bill Decker possesses, lower the grades, with the result that, according to their notion, he has paid too high a price for the cattle he purchased. This tends to cause them to go over their allowable purchase price. Due to this sort of thing, their last report showed they were over about \$3,400, which could mean, under the regulations, that they would be denied their accrued subsidy of approximately \$50,000. No matter how honest a man tries to be, it just doesn't make sense for him to jeopardize an entire operation. They have made no money in 1945, and they may be in red ink on their beef kill. They have advised the necessary authorities that effective May 28 they will discontinue killing beef.

They did that.

Mr. President, men do not go out of business merely for the pleasure of going out of business or for the purpose of spiting the Government or the OPA. They go out of business because the OPA has made it impossible for them to continue in business.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. ELLENDER. Did the person to whom the Senator has just referred give him any idea of how much profit he made last year?

Mr. TAFT. I do not have his profit figures for last year. But a similar packer by the name of Kahn, in Cincinnati, I may say to the Senator from Louisiana, lost approximately \$250,000 on beef, and made approximately \$350,000 on pork. That was in 1944. For the last 5 months of that year he lost on pork, and has lost on pork ever since because the pork kill has been reduced to 50 percent of what it was in 1944.

Mr. ELLENDER and Mr. AIKEN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Ohio yield, and if so, to whom?

Mr. TAFT. I yield first to the Senator from Louisiana.

Mr. ELLENDER. I should like to point out to the Senator from Ohio that the records show that the profits in the packing industry during the last year on from 70 to 75 percent of meat-packing volume showed a decided increase. The figures show that the percentage of profits on net worth, before taxes, increased from 4 percent which was the average during the period 1936 to 1939, to 25.2 percent for 1944.

Mr. HICKENLOOPER. Mr. President, will the Senator yield in order that I may propound a question to the Senator from Louisiana?

Mr. TAFT. I yield.

Mr. HICKENLOOPER. Will the Senator from Louisiana read his figures again and explain them? I did not quite follow his statement.

Mr. ELLENDER. I will gladly repeat the figures and will give more figures in that connection.

It will be recalled that when the Senate Agriculture Committee held hearings some time ago on the subject of meat shortages, many packers appeared before it and suggested that they should receive a certain percentage of profit on the net sales handled by them. During the period 1936 to 1939, before taxes, the average percent on net sales was 1 percent. I am speaking of percentage on net sales and not a percentage on net worth. I repeat. The average for 1936 to 1939 was 1 percent.

Mr. HICKENLOOPER. That was before taxes.

Mr. ELLENDER. That was before taxes. Last year the percentage was 3.3 on the total net sales before taxes.

Mr. HICKENLOOPER. May I ask the Senator the authority for those figures?

Mr. ELLENDER. They were taken from income-taxes reports and from reports furnished by packers who produce from 70 percent to 75 percent in volume of all meat processed in this country.

Mr. HICKENLOOPER. I have some figures which were published by the Economic Department of the National City Bank, New York City, which I believe to be an impartial investigating medium. The figures show that the packing industry last year, that is during the fiscal year ending last October, made a net over-all profit of nine-tenths of 1 percent on their total volume of business done.

Mr. ELLENDER. Was that after taxes?

Mr. HICKENLOOPER. It was after taxes.

Mr. ELLENDER. The report which I have before me shows that after taxes the net for 1944 was 1 percent on net sales after taxes of packers who handled from 70 to 75 percent of meat packing volume.

Mr. HICKENLOOPER. I have other figures. I have been trying to locate them, but I have not succeeded so far. They indicate that for several years past, the taxes in industries comparable to the meat industry—

Mr. ELLENDER. I will gladly furnish further information to the Senator.

Mr. HICKENLOOPER. It runs in my mind that those figures, compiled from the same source, indicate that the meat business never has had, after taxes, a profit greater than 1.5 percent.

Mr. ELLENDER. One and seven-tenths percent was the highest, and that was in 1941. The percentage is on the over-all net sales and covers the volume of meat that I indicated a moment ago.

Mr. TAFT. Mr. President, I do not see what difference it makes. Surely the fact that a meat-packing industry makes a profit of 1 percent on its gross sales, and adds 1 percent to the cost of meat, is not of great importance to the economy of the country, or indicative of any excessive profits.

Mr. ELLENDER. That may express the Senator's views, but the complaint is being made that the packers are not making profits, and are going out of business. I am showing that they are making profits greater than they have ever made.

Mr. TAFT. The Senator is making the same mistake which the OPA has made. The OPA considers the principal products of the big packers, adds in their side lines such as the canned goods and sporting goods of such companies as Wilson & Co. and others, takes into consideration the profits made on such articles, and adds them to the over-all profits. However, Mr. President, this country does not operate on averages. If the country is to be operated on the basis of averages there will be no small businesses in the United States. I do not care how much the big packers make. Eighty percent of their profits are taken away from them in any event. We must have a price level which will enable persons who have been in business for many years to continue in business. That is the purpose of any price-fixing policy. The purpose is not to control profits.

As I have already explained, in 1944 all the packers who handled hogs made a considerable amount of money during the first 6 months of the year. During the last 6 months of the year, when business fell off, they broke even, and during the past 4 or 5 months they lost money on hogs.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. AIKEN. Many packers appeared before the Committee on Agriculture and Forestry. I believe that most of them testified they made money during 1944. They made it on hogs and at the expense of the producers of the hogs. While the Government placed a floor on hogs of \$13.75, it did not have the machinery

with which to maintain the floor. The result was that the packers were able to buy their hogs in some instances for as low as from 6 cents to 10 cents a pound, particularly if the hogs were slightly overweight or underweight. The packers themselves admitted that it was in that way that they had made their profits last year. It was made at the expense of the farmer who lost money on his hogs. That is the reason we do not have as many hogs this year. It is the shortage of hogs which has prevented packers from making any profit this year.

Mr. TAFT. Mr. President, I thank the Senator. I think the Senator's statement is exactly correct. The packers made money on hogs for two reasons; first, because there was a large volume of them, and second, because of there being a large volume the packers could buy the hogs cheap, and the Government did not keep up the price as it promised to do.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. TAFT. I much prefer, if I may, to finish my remarks. I should like to conclude today.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield to me for a moment?

Mr. TAFT. I yield.

Mr. THOMAS of Oklahoma. Before the Senator concludes I wish he would discuss the problem of the employment of 60,000,000 men after the war is over. How can 60,000,000 men be employed when the price levels in effect are not sufficient to permit profits?

Mr. TAFT. I agree with the Senator, and I shall be glad to discuss the subject.

To continue with the examples to which I have referred, here is a letter from Malcolm P. McNair, professor of marketing, Harvard University:

A particularly good example of this situation exists right here at home in the case of the Saco Lowell Co. At the request of the WPB this company has discontinued the manufacture of war goods and is concentrating on its regular business of manufacturing textile machinery, which is at present greatly needed. And yet, owing to the existing OPA price ceiling the company is losing money every day and seriously depleting its working capital. OPA officials admit the justice of the company's case but say that under the general rule and policies which they have established it is impossible to make an exception. This is an attitude which I think can be justified during the period of all-out war, but I believe there is a point in the transition period when such an attitude will have serious repercussions on the ability of business, both to turn out the goods necessary to prevent inflation and to offer employment to returning servicemen.

What I have read states exactly the point which I have been trying to make.

Mr. President, one of the serious matters which has been brought to my attention, because it is such a basic industry, is steel. The OPA has just granted an increase in the price of steel, which, again, may be sufficient for the large companies, but the manufacturers of steel products—a great many special products—are left in such a position that they also are going to have to do business at a loss, particularly those which are

going back into business from which they have been excluded during the war.

There was said to be an increase from \$2 a net ton to \$7 a net ton on steel, but the actual cost, according to all those who have communicated with me, amounts much more closely to about \$10 a net ton. At the same time there were no increases in many important steel items. No increases were made on cold rolled sheet strips and hot rolled sheet strips.

I remember Mr. Henderson testifying about steel 3 years ago, when he said that he had held the prices of steel and that the manufacturers had absorbed all the preliminary wage increases, but admitted that if there were any more increases they had gone beyond the point of absorbing those increases.

Again, the steel companies engaged in manufacturing war articles have been able to make large profits, but when they have made too large a profit it has been taken away from them through renegotiation. There are, however, many small steel companies—and I do not refer to Little Steel. I do not mean the integrated companies, or four or five big ones that compete with United States Steel—there are many steel companies which make products the prices of which make their manufacture result in a loss. It is in some respects like the meat-packing industry. In the meat-packing industry the large packers can get by, because they make profits on some things, but they are forced to sell other articles at a loss, and when we find one concern which makes only one article which has to be sold at a loss, that concern is out of business. The situation is very much the same in the steel industry.

Mr. President, I should like to refer very briefly to the textile situation, although that is well known. I think everyone is aware that today textiles are being sold at a loss in many fields on the theory that in other fields the textile mills are making a large amount of money. Last year we adopted, as to the textiles, an amendment just like the pending amendment, and while it did some good, OPA did not follow it through completely.

The Senator from Alabama [Mr. BANKHEAD] has secured from the OPA a statement that they will be good hereafter, and he has written into the majority report the statement of what he intended by the original Bankhead amendment. We are really not proposing, in the amendments we are offering, to do anything except to apply to other agricultural products and other nonagricultural products the same principles the Senate voted to apply to textile products in the Bankhead amendment of last year.

Mr. President, there is one other case to which I should like to refer briefly, one no doubt some Senators heard commented on by Mr. Fulton Lewis, Jr. In this we get into the retail field. It seems three Swiss ran a small, cheap lunch counter and a cheap bar in San Francisco. Finally the floor fell in, the building was condemned, and they built themselves a brand new, modern restaurant, of the scale and standard which is very

common in San Francisco. They finished it on the 15th of last December, and applied to the OPA for prices. The OPA said, "You have to sell everything in this brand-new restaurant, with all your higher costs and your increased wages, at the same prices at which you sold at the lunch counter you ran in the tumbledown building." They applied and applied and applied, and today their new restaurant is still on their hands. They are unable to open, and they have not opened. They did open the bar, I think, for 1 month, and lost \$1,900, applying the same prices they had charged before. They closed the bar, and have not opened the restaurant. This is another case of killing employment, another case of discouraging industry in the retail field.

Mr. President, I call attention to one other thing, which shows the general point of view of the OPA. I cut this out of a newspaper yesterday:

OPA last night ordered woolen and worsted mills to return to their average prices of 1943 as another step in cutting customers' costs of suits, coats, dresses, and other civilian garments.

At this late period the OPA is requiring woolen mills again to cut back their prices of woolens to the prices that were charged 2 years ago, in spite of increased costs, in spite of the desirability of bringing about more employment, and making the sale of woolen goods profitable.

Mr. President, they are simply "hipped," if you please, simply fanatically inspired with the determination that there shall be no increase of retail prices, and for that they are willing to sacrifice production, justice to individual operators, and, unfortunately, employment after the war.

Mr. President, I should like to take about 10 or 15 minutes to conclude, and I shall be glad to do that the first thing tomorrow morning, if there is a desire that the Senate take a recess at this time.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 3024) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1946, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JOHNSON of Oklahoma, Mr. KIRWAN, Mr. NORRELL, Mr. ROONEY, Mr. JONES, Mr. JENSEN, and Mr. DWORSHAK were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 3109) making appropriations for the legislative branch for the fiscal year ending June 30, 1946, and for other purposes.

EXECUTIVE SESSION

Mr. BARKLEY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDENT pro tempore. If there be no further reports of committees, the clerk will proceed to state the nominations on the Executive Calendar.

FOREIGN SERVICE

The legislative clerk proceeded to read sundry nominations in the foreign service.

Mr. BARKLEY. I ask unanimous consent that the foreign-service nominations be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations are confirmed en bloc.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations are confirmed en bloc.

Mr. BARKLEY. I ask unanimous consent that the President be immediately notified of all confirmations of today.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith. That completes the Executive Calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 56 minutes p. m.) the Senate took a recess until tomorrow, Friday, June 8, 1945, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 7 (legislative day of June 4), 1945:

DIPLOMATIC AND FOREIGN SERVICE

Howard Donovan, of Illinois, now a foreign-service officer of class 2 and a secretary in the diplomatic service, to be also a consul general of the United States of America.

Carl W. Strom, of Iowa, now a foreign-service officer of class 6 and a secretary in the diplomatic service, to be also a consul of the United States of America.

Bartley P. Gordon, of Massachusetts, now a foreign-service officer of class 8 and a secretary in the diplomatic service, to be also a consul of the United States of America.

THE JUDICIARY

UNITED STATES MARSHAL

Alphonse Roy, of New Hampshire, to be United States marshal for the district of New Hampshire, vice John M. Guay, term expired.

NATIONAL LABOR RELATIONS BOARD

Paul M. Herzog, of New York, to be a member of the National Labor Relations Board for a term of 5 years from August 27, 1945.

Paul M. Herzog, of New York, to be a member of the National Labor Relations Board for the unexpired term of 5 years from August 27, 1940, vice Harry A. Millis, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 7 (legislative day of June 4), 1945:

FOREIGN SERVICE

Monnett B. Davis to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Denmark.

Paul H. Alling to be a diplomatic agent of the United States of America at Tangier, Morocco.

Lynn W. Franklin to be consul general of the United States of America.

Theodore C. Achilles to be a consul of the United States of America.

Robert Rossow, Jr., to be a foreign-service officer of class 8, a vice consul of career, and a secretary in the diplomatic service of the United States of America.

POSTMASTERS

IDAHO

Gordon A. Needham, Kellogg.

ILLINOIS

Eva H. Bubon, Alpha.
Elizabeth Romer, Northfield.

MINNESOTA

Magdeline Giefer, Hampton.
Fannie S. Ronkainen, Kettle River.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 7, 1945

The House met at 11 o'clock a. m.

Rev. Bernard Braskamp, D. D., pastor of the Gunton Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

Eternal God, our Father, we are again calling upon Thy name, compelled not only by our many necessities but constrained by Thy great love and encouraged by every gracious invitation in Thy Holy Word.

We pray that we may meet all the experiences of this day with the glad assurance of Thy promise that they who wait upon the Lord shall mount up with wings as eagles; they shall run, and not be weary; they shall walk, and not faint. When we are tempted to allow our faith to become eclipsed by fear, give us a vision of Thy love and power which cannot fail.

Grant that in our prayers we may remember more frequently and fervently those brave men and women who are giving themselves so valiantly in order that our noble heritage may be safeguarded. May they have the constant inspiration and confident companionship of Thy presence.

Hasten the dawning of that day when the spirit of man shall be emancipated from everything that defiles and destroys its splendor. May the sinister and sordid forces of evil be forever banished from